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# PRELIMINARY OVERVIEW OF THE LATIN AMERICAN ECONOMY DURING 1984* 



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## I. SYNTHESIS

The weak and inadequate recovery of economic activity, the sharp increase in the rate of inflation for a fourth consecutive year, and a significant improvement in the external sector situation were the three central features of Latin America's economic evolution in 1984.

According to the provisional and partial figures at ECLAC's disposal, it is estimated that Latin America's total gross domestic product increased by $2.6 \%$, after having fallen by $1 \%$ in 1982 and by a little over $3 \%$ in 1983 (see table 1 and figure 1 ).

The interruption of the downward trend which economic activity had been showing since 1981 was widespread, since the gross domestic product increased in 15 of the 19 countries for which comparable data are available and decreased only in two.

However, inasmuch as the economic recovery was very slight in most countries, and also in consequence of population growth, the per capita product rose by only $0.2 \%$ in the region as a whole and once again diminished in 12 of the 19 countries. In these circumstances, Latin America's per capita product was almost $9 \%$ lower in 1984 than in 1980 and was similar to that already obtained by the region in 1976.

The inadequacy of the recovery was also evidenced by the fact that urban unemployment rates continued to tise in most of the countries for which relatively reliable data are available and declined only slightly in the rest.

Nevertheless, and notwithstanding the decrease that had taken place in world inflation in 1984, price increases once again speeded up in Latin America, attaining record rates. The simple average rate of consumer prices soared from $66 \%$ in 1983 to $145 \%$ in 1984, while the average rate weighted by the population went up between those years from $130 \%$ to over $175 \%$.

The lack of dynamism in economic activity and the marked accentuation in inflation were accompanied, however, by a considerable improvement in the external sector.

As a result of the notable adjustment effort made by many countries of the region and of more favourable world trade trends in 1984, Latin America succeeded in further reducing its balance-of-payments deficit on current account. This deficit, which between 1982 and 1983 had dropped from over US $\$ 40$ billion to US $\$ 9$ billion, fell in 1984 to barely US $\$ 3.1$ billion. The imbalance on current account was thus $94 \%$ less than that recorded on average during the two-year period 1981-1982.

This new reduction of the deficit on current account was mainly due to the increase in the surplus obtained on merchandise trade, which, after increasing from US $\$ 9.7$ billion in 1982 to US $\$ 31.4$ billion in 1983, shot up to an alltime high of US $\$ 37.6$ billion in 1984 (see table I).

Furthermore, conversely to what had happened in the two preceding years -during which the bigger positive balance recorded on merchandise trade was entirely due to successive and very intensive reductions in the value of imports-, in 1984 it resulted exclusively from the expansion of exports, the value of which rose by over $9 \%$, thanks to a vigorous growth of almost $10 \%$ in the volume of external sales.

The recovery of exports in the first place made it possible to finance a moderate increase ( $4.4 \%$ ) in the value of imports -the first increment on record since 1981 - and, secondly, more than offset the negative effect on the balance on current account produced by the rise in net payments of profits and interest.

These remittances climbed from US $\$ 34.5$ billion in 1983 to US $\$ 37.3$ billion in 1984 , in consequence of the increase in the external debt and the rise in average interest rates in the main international financial markets. Nevertheless, the proportion of the value of exports of goods and services absorbed by net payments of interest and profits in 1984, although still very high (33.5\%), was slightly lower than in 1983 (35\%) and 1982 ( $37 \%$ ).

In 1984, too, there was a recrudescence of the net inflow of capital, marking a break in the pronounced downward trend that had characterized the two preceding years. After plummeting from a record peak of US $\$ 37.7$ billion in 1981 to barely US $\$ 4.4$ billion in 1983, the net amount of loans and investment obtained by Latin America rose to US $\$ 10.6$ billion in 1984 (see figure 1).

Thanks to this increase, and also owing to the reduction of the deficit on current account, the balance of payments closed with a surplus of more than US $\$ 7.5$ billion. This positive balance -the first since 1980 - permitted a partial recovery in the level of international reserves, which had dropped by over US $\$ 25$ billion in the three preceding years.

Even so, the net inflow of capital continued to fall far short of the amount of net remittances of interest and profits. In 1984, therefore, Latin America was obliged for the third year running to make a substantial transfer of resources abroad. This transfer reached approximately US $\$ 26.7$ billion -a sum which, although lower than that of US $\$ 30$ billion recorded in 1983 , implied a reduction in the region's capacity to import equivalent to about $24 \%$ of the value of exports of goods and services.

On the other hand, in 1984 the growth rate of Latin America's total external debt continued to slacken. According to provisional estimates, the balance of the external debt disbursed amounted to a little over US $\$ 360$ billion at the end of the year. Thus it increased by $5.5 \%$, i.e., at a lower rate than that of $8 \%$ corresponding to 1983 and far below those of $14 \%$ and $24 \%$ shown, respectively, in 1982 and 1981.

Furthermore, as the growth rate of the external debt was likewise slower than that of exports, in 1984 the debtexport coefficient decreased for the first time in the last four years. Even so, this coefficient (3.3) was not only still very high in internationally comparable terms but also far exceeded those recorded in Latin America up to 1982.

## II. MAIN TRENDS

## 1. Production and employment

The year 1984 witnessed an interruption of the sharp downward trend which the growth rate of Latin America's economic activity had been showing since 1979. The region's gross domestic product, which had increased by only $1.7 \%$ in 1981 and which fell by $1 \%$ in 1982 and rather over $3 \%$ in 1983 , went up by $2.6 \%$ in 1984 (see figure 2 ).

In the region as a whole, however, the increase in economic activity barely exceeded that of the population. The per capita product therefore rose by only $0.2 \%$ in relation to the very low level to which it had sunk in 1983. In fact, in most cases the economic recovery was so weak that albeit total economic activity expanded in 15 of the 19 countries considered, the per capita product decreased in 12 of them (see tables 2 and 3).

Owing to this further decline and, above all, to its marked reductions in the three preceding years, the downward trend of the per capita product over the years 1981-1984 attained spectacular proportions in a large number of countries. Thus, during the period in question the per capita product dropped by about $25 \%$ in Bolivia and afmost $22 \%$ in El Salvador; it suffered a reduction of approximately $16 \%$ in Uruguay, Venezuela and Guatemala; it went down by between $13 \%$ and $14 \%$ in Peru and Costa Rica; it decreased by $12 \%$ in Argentina, Haiti and Honduras; and it fell by $11 \%$ in Chile and $9 \%$ in Brazil.

Moreover, the recovery of economic activity tended to be concentrated in the region's large and medium-sized economies, and was, in contrast, very weak in most of the smaller countries. In Brazil -a country which by itself generates about one-third of Latin America's total domestic product - economic activity increased by about $3.5 \%$, thus offsetting the decline in the preceding year. The reversal of the downward trend which productive activity had been showing since 1981 was principally due to the new and spectacuiar expansion of the volume of exports, which increased by $16 \%$, largely as a result of the boom in sales in the United States. A further stimulus was provided by new progress in import substitution. Sectorally, the bases of the recovery were an expansion of agricultural production by over $8 \%$ and the recrudescence of manufacturing industry. The latter's output, which had dropped by more than $6 \%$ in 1983, increased by about $6 \%$ in 1984, achieving especially vigorous growth as from the middle of the year. Nevertheless, and partly owing to a further considerable decline in the construction sector, the average rate of unemployment in the country's most important cities was higher in January-October than in the corresponding period in the two preceding years, although it steadily decreased from June onwards (see table 4).

In Mexico, too, economic activity recovered in 1984. But the increase of about $2.5 \%$ obtained in the gross domestic product did not suffice to compensate its reduction by over $5 \%$ in the preceding year, nor was it enough to neutralize completely the population increment. As in Brazil, exports were the main dynamic factor; their volume, after expanding by over $40 \%$ in the preceding two-year period, increased by $10 \%$ in 1984 . The recovery was likewise facilitated by larger available supplies of imports. The volume of these latter, which in the two preceding years had contracted by the fantastic proportion of $68 \%$ as a result of the slump in economic activity and above all of the severe measures adopted to reduce the external imbalance, increased by $26 \%$ in 1984, thus permitting the partial replenishment of stocks and the more normal operation of activities dependent upon imported inputs.

The domestic product also grew by about $2.5 \%$ in Argentina. But, in contrast with what happened in Brazil and Mexico, this increase, on the one hand, represented a prolongation of the recovery that had begun in the preceding year -when economic activity had been stepped up by $3 \%$ - and, on the other hand, was linked to the greater buoyancy of internal demand rather than to export expansion. Demand was given impetus, especially during the first half of the year, by the considerable increase in real wages, but tended to decline in the last quarter, when a more restrictive economic policy began to be applied with the aim of reducing the exceptional rate attained by inflation. Thanks to the headway made in total economic activity, the urban unemployment rate was slightly lower in the first semester than during the three preceding years and continued to be by far the lowest in Latin America (see figure 3).

The expansion of economic activity was greatest in Chile, where the gross domestic product rose by over $5 \%$, thus partly recovering from its downward plunge during the preceding two-year period. The most dynamic sector was manufacturing industry, whose output increased by about $10 \%$, under the stimulus of a more expansionist fiscal policy and of various measures designed to limit imports of certain consumer manufactures. Greater public expenditure was also the main cause of the $7 \%$ increase in construction, while agricultural production expanded by over $6 \%$, thanks to the marked recovery in harvests of wheat and other traditional products and to the increase of about $35 \%$ in the value of exports of fruit. Despite the progress made by the main sectors of production, the unemployment rate fell only slightly in the country as a whole and remained above $18 \%$ in Santiago. This result was influenced both by the drastic reduction in the government's emergency employment programmes effected at the beginning of the year and by the slackening of the growth rate of economic activity during the second semester.

The rate of economic growth likewise rose in Colombia, where it had been gradually but persistently decreasing during the four preceding years. As in Chile, the two sectors that contributed most to the increase of approximately $3 \%$ in the gross domestic product were manufacturing industry and construction. While the former benefited by the rise in the real exchange rate and particularly by the increase of tariffs, the latter was encouraged by the mass mobilization of financial resources for housing construction and by public expenditure. In Colombia too, however, the growth of economic activity occurred mainly in the first half of the year and subsequently tended to lose impetus. Moreover, the recovery of industry and construction did not suffice to reverse the rising trend of urban unemployment which had been apparent since 1982. During the first nine months of the year the average unemployment rate in the country's four most important cities climbed to $13.5 \%$, the highest figure recorded in the last eleven years.

The gross domestic product also increased by about $3.5 \%$ in Peru, after falling by nearly $11 \%$ the year before. In essence, the growth achieved in 1984 was due to the recovery of the primary sectors, whose production in 1983 had suffered the severely damaging effects of an exceptional combination of natural disasters. Thus, the agricultural product went up by abour $6 \%$, partly making up for its $9 \%$ decline in the preceding year; the production of the fishing sector increased by about $40 \%$, i.e., in much the same proportion as it had decreased in 1983; and the product of mining, which had contracted in that year by $8 \%$, expanded in 1984 by about $5 \%$. In contrast, industrial production increased by less than $2 \%$, thus recovering only a minimal part of the ground lost in 1983 , when it had declined by $16 \%$, while construction underwent a new reduction of $1 \%$, after having contracted by more than $20 \%$ in 1983 . In these circumstances, the rate of open unemployment shot up for the third year running and reached an unprecedented level of almost $11 \%$ (see table 4).

The evolution of economic activity was relatively similar in 1984 in Paraguay and Ecuador, both of which countries, like Peru, in 1983 had to face the effects of exceptionally hostile weather conditions.

In Ecuador, the gross domestic product, after falling by rather more than $3 \%$ in 1983 , rose by about $2 \%$ in 1984, a rate lower than that of population growth. As in the case of Peru, the increase in the product stemmed mainly from the recovery of primary activities. Thus, agricultural production, which in 1983 had contracted by $27 \%$ as a result of the devastating damage caused by torrential rainfall and floods, expanded by $18 \%$; there was a $4 \%$ improvement in the fishing sector, offsetting the preceding year's decline; and the joint product of mining and the petroleum industry expanded by about $7.5 \%$. On the contrary, manufacturing industry declined by $2 \%$ for the second year in succession and construction increased by less than $1 \%$, after having contracted by $12 \%$ in 1983 .

In Paraguay, in its turn, the product rose by $3 \%$, at a rate similar to that of the decline it had suffered in the preceding year. In this country too, however, the expansion of total productive activity was insufficient to offset the effect of population growth, and the per capita product therefore decreased for the third year in a row. As in Ecuador, the most dynamic sector was agriculture, whose product increased by about $6 \%$, after having fallen by $2.5 \%$ in the preceding year. And, likewise as in Ecuador, construction continued to decline, as it had in 1982 and 1983, although less steeply.

Neither did the expansion of total production suffice to prevent decreases in the per capita product in 1984 in Bolivia, the Dominican Republic and all the Central American countries, with the sole exception of Costa Rica (see table 3). In most of them productive activity was still being undermined by the uncertainty and instability arising out of the acute political tensions and social conflicts, as well as by the unfavourable evolution of international prices for some of their main export products, such as sugar, bananas, cotton and tin. Lastly, economic activity declined in 1984 by a little less than $2 \%$ both in Venezuela and in Uruguay.

In Venezuela this decrease meant that the per capita product dwindled for the seventh year in succession, its cumulative reduction in 1978-1984 thus amounting to $24 \%$. The main causes of the further downward movement of economic activity in 1984 were the contraction of about $5 \%$ in the petroleum industry and the fall of approximately $2 \%$ in the product of the other sectors of production. In 1984 the petroleum sector continued to face an adverse international conjuncture which compelled OPEC to reduce its members' production quotas by the end of the year, including that of Venezuela, for which a cut of $7.5 \%$ was decided upon in the last quarter. The contraction in other activities, in its turn, was due mainly to the very low level at which domestic demand stagnated and to the uncertainty created by the changes introduced in the exchange system, and by the prolonged negotiations with the foreign commercial banks for the refinancing of the external debt. In consequence of the decline in economic activity, open unemployment increased for the sixth year in succession and reached almost $14 \%$ in the first semester, the highest figure recorded since the existence of reliable statistical data (see figure 3).

In Uruguay the reduction of the product by almost $2 \%$ in 1984 compounded its much bigger decreases in the two preceding years. This further decline in economic activity reflected both the very unfavourable behaviour of exports - whose volume contracted by more than $14 \%$ - and the lack of dynamism displayed by the sectors oriented towards meeting domestic demand, among which the slump of about $16 \%$ in construction was particularly striking. Economic activity in general was cramped by the limited amount of financing available, the high level of indebtedness of enterprises and the wait-and-see attitude adopted by entrepreneurs $i \boldsymbol{i s}-a-v i s$ the outcome of the presidential elections at the end of the year. In these circumstances, the rate of unemployment in Montevideo continued to hover around $14.5 \%$ and, given the acceleration of inflation, real wages once again decreased.

## 2. Inflation

Despite the frailty of the economic recovery in most of the countries of the region, the increase in umeployment in many of them, and the attenuation of external inflationary pressures, the rate of increase of prices rose in half the Latin American economies and in the region as a whole reached a new all-time high in 1984. The simple average rate of increase of consumer prices shot up from $66 \%$ in 1983 to $145 \%$ in 1984 and the rate weighted by the population jumped in the same period from $130 \%$ to $175 \%$.

The rate of inflation gathered enormous speed in Argentina and, above all, in Bolivia, and continued to be very high in Brazil and Peru. The rate of increase of prices also accelerated sharply, although starting from very different levels, in Uruguay, Nicaragua, Jamaica, Paraguay, Costa Rica, Venezuela and the Dominican Republic. In contrast, inflation declined in Mexico, although it was still high both in historical and in internationally comparative terms; it dropped sharply in Ecuador; it remained at the same levels as in the year before in Chile and Colombia; and was very low in El Salvador, Haiti, Honduras, Barbados and Panama (see table 5).

Figures unprecedented in the economic history of Latin America were reached by inflation in Bolivia, where consumer prices soared by almost $1700 \%$ between November 1983 and November 1984 and will probably rise even higher by the end of the year. At the end of November the exchange system was unified through devaluations of the peso which represented increases of nearly $330 \%$ of the exchange rate formerly applicable to essential imports and over $70 \%$ of the supplementary exchange rate formerly applicable to all other imports. At the same time, the government raised the official prices of a number of basic foods in proportions that ranged from $40 \%$ to $200 \%$, increased fuel prices between 500 and $1100 \%$ and decreed a substantial adjustment of wages and salaries, all of which measures are bound to affect price levels as from December.

The inflationary process also accelerated notably in Argentina. As may be seen in figure 5, the annual rate of increase of consumer prices, after rising to $430 \%$ at the end of 1983 , continued rising with extraordinary rapidity up to October 1984, when it exceeded $700 \%$. This intensification of the inflationary process was primarily attributable to the salary and wage policy applied at the beginning of the year, the rise in interest rates in non-regulated markets and the accentuated inflationary expectations of the majority of economic agents. Nevertheless, the upward trend in the rate of inflation levelled off to some extent in November when the more restrictive economic policy begun to be applied.

Inflation also continued very high in Brazil, where it hovered around $200 \%$, and in Peru, where the rate of increase of consumer prices exceeded $100 \%$ for the second consecutive year. In Peru the factors most responsible for inflation were once again the high fiscal deficit and the continuous readjustments in the exchange rate. As for Brazil, the high rate of inflation there reflected not only the indexing of almost all the main variables which affect costs, but also the elimination of subsidies on the price of petroleum and other basic commodities.

The inflationary process intensified markedly for the second consecutive year in Uruguay, Nicaragua, Paraguay and the Dominican Republic; and for the third successive year in Jamaica. Thus, in 1984 consumer prices rose by over $60 \%$ in Uruguay, $40 \%$ in Nicaragua, $33 \%$ in Jamaica, $25 \%$ in Paraguay and $21 \%$ in the Dominican Republic.

Inflation also rose in Costa Rica after dropping spectacularly since the middle of 1982, and increased perceptively in Venezuela. However, in these two countries the rate of inflation was hovering in the neighbourhood of $15 \%$ as the year ended and, in the case of Venezuela, was lower than had been originally predicted on the basis of the devaluation of the bolivar and the changes introduced in the exchange system at the beginning of the year.

On the other hand, the downturn which the inflation in Mexico had begun to show in the middle of 1983 persisted in 1984 (see figure 5). However, consumer prices still rose by nearly $60 \%$ by the end of the year. This rise, which is considerably higher than the one of $40 \%$ set as a goal by the economic authorities, helped to produce a new drop in the purchasing power of wages and salaries and a more rapid erosion than had been predicted in the real level of the exchange rate, which made it necessary to increase the daily devaluation of the peso at the beginning of December.

The inflation also fell, although much more markedly, in Ecuador. After reaching a historical high of over $60 \%$ in September 1983 as a consequence, primarily, of the sharp drop in the supply of agricultural commodities caused by the floods that year, the rate of the inflation then fell continuously, dropping below $20 \%$ at the end of 1984. This persistent decline in the intensity of the inflationary process was largely due to the normalization of supplies and of food prices due to the recovery of agriculture and the application of a relatively restrictive monetary and fiscal policy by the economic authorities.

By contrast with what had happened in previous years, in Chile and Colombia the situation in respect of the inflation at the end of 1984 was essentially the same as in 1983, in that in Chile, the increase in consumer prices remained in the neighbourhood of the $23 \%$ recorded the preceding year, while in Colombia the inflation of close to $16.5 \%$ recorded in 1983 was repeated.

However, in Chile the similarity in these figures conceals appreciable differences shown by the rate of the inflation during the two years. As may be seen in figure 6, up to August 1984, the inflation continued on the downward caurse initiated in the middle of the preceding year. In fact, in the first eight months of the year, consumer prices rose by less than $8 \%$. This trajectory was, however, changed by the increase of nearly $24 \%$ in the exchange rate decreed in September, which caused a sudden increase in prices the following month.

In Colombia, on the other hand, the inflation trajectory retained the notable stability which has characterized it in recent years. The rate of increase of prices continued to fall gradually and almost constantly during the first part of the
year and increased only slightly at the end, as a result, primarily, of the readjustments introduced in the prices of certain products such as gasoline, which had lagged behind.

## 3. The external sector

The adjustment effort made by many Latin American economies and the more dynamic climate created by world trade made it possible for the situation in the external sector to improve appreciably in 1984. The commercial surplus for the region as a whole reached the unprecedented figure of US\$ 37.6 billion, which was four times as high as the one recorded barely two years previously. Moreover, the larger surplus occurred because exports grew more rapidly than imports and not because imports fell more intensively than exports as had happened in the two preceding years. An increase in the commercial surplus also made it possible for the second consecutive year to reduce the negative balance on current account, which amounted to the equivalent of less than one tenth of the negative balances recorded in 1981 and 1982. The decrease in the deficit on current account and the moderate increase in the net inflow of capital helped to generate a surplus in the balance of payments of close to US $\$ 7.5$ billion, thereby reversing the downward trend which international reserves had shown since 1981. Moreover, in 1984 the growth rate of the external debt continued to slacken and the terms on which the countries of the region renegotiated their international banking commitments improved.

## a) Foreign commerce and the terms of trade

After having fallen by nearly $8 \%$ in 1982 and having declined slightly in 1983, the value of exports of goods in Latin America rose by over $9 \%$ in 1984 . This advance was due entirely to the vigorous expansion in the volume of external sales, which rose by nearly $10 \%$. Unlike what had happened the preceding year, only a small proportion of this expansion was offset by a drop in unit value (see table 6).

Although the increase in the value of exports of the region as a whole was to a large extent attributable to the spectacular growth of Brazil's external sales, which rose by $23 \%$, it also reflected progress made by exports in other countries. Indeed, their value rose by over $13 \%$ in the Dominican Republic and Costa Rica, by $11 \%$ in Argentina and Haiti, by over $8 \%$ in Venezuela and by between $5 \%$ and $7 \%$ in El Salvador, Honduras, Mexico, Ecuador and Guatemala. However, in all these countries, with the exception of Mexico and Haiti the increase in the value of exports was not enough to offset their decline during the two preceding years.

On the other hand, the value of exports stagnated completely in Nicaragua, because of the drop in the volume exported, and in Peru, as a consequence of the decline in their unit values. A decrease in unit value, brought about primarily by the drop in international copper and fishmeal prices, was also the cause of the $4 \%$ decrease in the value of the exports of Chile, while a marked contraction in the volumes exported was responsible for the decline in the value of the external sales of Bolivia and Uruguay.

Also by contrast with what happened in the two preceding years, in 1984 the value of imports increased. The rise by somewhat more than $4 \%$ was, however, very meagre after the precipitous drop in external sales which took place in both 1982 and 1983.

In addition to being weak, the expansion of imports was concentrated in a small number of countries. Thus, the value of imports rose by a significant share only in Mexico ( $26 \%$ ), Costa Rica ( $18 \%$ ), Chile ( $16 \%$ ), Ecuador ( $12 \%$ ), El Salvador ( $9 \%$ ) and Uruguay and Venezuela ( $8 \%$ ). However, it was only in Costa Rica that the increase achieved in 1984 meant that the volume of imports that year was greater than in 1981 (see table 7).

In the other economies of the region, with the sole exception of Argentina and Guatemala, where the volume of external sales increased slightly after severe drops in the two preceding years, the volume of imports continued to decrease and tended to limit the recovery of economic activity.

Moreover, in 1984 there was a break in the marked and persistent deterioration shown in the terms of trade of Latin America since 1980. As may be seen in table 8, the terms of trade for the region as a whole, remained almost stable in 1984. However, this stability was the result of opposing tendencies shown by the terms of trade in the petroleumexporting countries and in those of the other economies of the region. In the former, the terms of trade declined for the fourth consecutive year, while in the group of countries made up of non-oil-exporting economies, they rose by $4.5 \%$, after having shown a slight rise the preceding year.

However, since in these economies the terms of trade had deteriorated markedly in the period 1979-1982, the respective index was still $26 \%$ less than in 1978 and in 1984 remained at one of the lowest levels recorded since 1930. Conversely, in the case of the petroleum-exporting countries, the deterioration in the terms of trade during the past four years was not such as to utterly nullify the notable progress made in the 1979-1980 biennium. Thus, in all these economies, with the exception of that of Peru, the index of the terms of trade was still far higher than that of any non-oil-exporting country, with the sole exception of Colombia (see table 8).

The stabilization of the terms of trade and the marked increase in the volume of exports were partially responsible for the fact that in 1984 the purchasing power of the latter experienced its first significant increase since 1980 (see table 9 and figure 7).

However, this rise was the net result of very uneven changes in the purchasing power of exports in different countries of the region. Thus, while this variable increased at an extraordinary rate ( $25 \%$ ) in Brazil and rose from between $10 \%$ and $12 \%$ in Argentina, Paraguay and the Dominican Republic and by about $7 \%$ in Venezuela, Ecuador and Mexico, it fell dramatically in Panama ( $-28 \%$ ), Uruguay ( $-11 \%$ ) and Bolivia ( $9 \%$ ) and also dropped in five other countries.

## b) The balance of paymeriss

As a consequence of the much greater rise in the value of exports than in that of imports, the surplus in trade in goods experienced a new and significant increase in 1984. In actual fact, the amount of US $\$ 37.6$ billion to which the surplus rose was not only $20 \%$ higher than in 1983 but was nearly four times higher than that recorded only two years previously (see table 10).

This result was primarily attributable to the enormous expansion in the positive balance obtained by Brazil, which nearly doubled, rising from less than US\$ 6.5 billion in 1983 to US $\$ 12.6$ billion in 1984, thereby well exceeding the initial forecasts. Moreover, the rise in the trade surplus was also due to the significant increase for the second year running in the trade surplus in Argentina and Venezuela, the doubling of the surplus achieved by Peru and the reduction in the deficit in trade in goods in Colombia, Haiti, Honduras, Panama and the Dominican Republic.

Actually, in the region as a whole the surplus achieved in trade in goods made it possible to finance net payments of interests and profits inregrally in spite of the fact that they rose from US\$ 34.5 billion in 1983 to US $\$ 37.3$ billion in 1984.

Thanks to this and also to the new and marked decrease in net payments for services in 1984, the deficit on current account fell by $65 \%$ and amounted to less than one tenth of that recorded only two years previously (see table 11).

However, the reduction in the deficit on current account was the result of trends in opposing directions observed in the different economies of the region. The country most responsible for this drop was Brazil, which recorded a deficit of a bare US $\$ 550$ million, whereas only two years previously it had had a deficit of over US $\$ 16.3$ billion. In addition, in 1984 the negative balance in the current account of Argentina, Colombia, Peru, Paraguay, Nicaragua, Costa Rica and Haiti continued to decline. As for Venezuela and Mexico, they remained the only two countries in the region to obtain surpluses in their current operations although Mexico's surplus was $10 \%$ lower than the one achieved the previous year.

On the other hand, the deficit in Chile (which was exceeded only by those of Colombia and Argentina) and Ecuador rose markedly in 1984, and a moderate increase was experienced in the negative balances of Bolivia and of the majority of the countries of Central America (see table 11).

Contrary to what happened in the preceding two years, when the reduction in the deficit on current account was accompanied and to a large extent caused by a dramatic decline in the net inflow of capital, in 1984 it coincided with a recovery in the flow of loans and investments received by the region. The value of the latter was, moreover, considerably higher than that of the negative balance in current transactions. As a consequence, the balance of payments closed for the first time since 1980 with a surplus of nearly US\$ 7.5 billion.

Notwithstanding the recovery of the net inflow of capital, its value continued to be very much lower than that of net payments of interest and profits. In the end, as in the two preceding years, Latin America transferred a substantial volume of resources to the exterior in 1984. In fact, this transfer amounted to close to US\$26.7 billion, which, although lower than the transfer of nearly US $\$ 31$ billion recorded the preceding year, represented a reduction in import capacity equivalent to approximately $24 \%$ of exports of goods and services (see table 12).

The lion's share of that transfer was, however, attributable to Mexico, Brazil, Venezuela and Argentina, although in relative terms appreciable amounts were also transferred from Ecuador, Peru, Uruguay and Bolivia. On the other hand, Paraguay, Haiti and the Central American countries, with the sole exception of Costa Rica, were receiving a considerable volume of resources from the exterior (see table 11).

## c) Tbe external debt

In accordance with preliminary estimates, the total external debt of Latin America at che end of 1984 amounted to approximately USS 360 billion. Thus, it appears to have increased by close to $5.5 \%$, thereby continuing the more moderate growth trend of external indebtedness begun in 1982 (see table 13).

The rate of increase of the debt was also lower than that of exports of goods and services in 1984. Consequently, the debt-exports ratio fell for the first time in the past four years. However, the magnitude of this coefficient (3.3) was still very high in comparative international terms and was also very much higher than that of approximately 2.3 recorded, on average, during the period 1978-1981.

Moreover, owing both to the increase in the debr and to the rise in average interest rates in the main international financial markets in 1984, as may be seen in figure 8, the interest payments made by Latin America increased by close to $10 \%$, i.e., at a rate somewhat lower than that of the increase in exports of goods and services. Therefore the ratio of interest payments to exports fell only slightly -to $35 \%$-and thus continued to be very much higher than the ratios recorded prior to 1981 . This coefficient was much higher still in Bolivia ( $57 \%$ ), Argentina ( $52 \%$ ) and Chile ( $45 \%$ ) but was, on the other hand, considerably lower in Colombia ( $21 \%$ ) and Paraguay ( $19 \%$ ) and particularly tow in some countries of Central America and the Caribbean (see table 14).

Finally, in 1984 the terms on which the countries of Latin America renegotiated their external debt improved. The commissions and the spreads over and above the basic interest rates as well as the rescheduled maturities and the repayment periods for new credits obtained in the second and third round of renegotiations represented an advance over the extremely unfavourable terms granted in 1982 and 1983. The change was especially marked in the cases of Mexico, Venezuela and Argentina, whose agreements with the respective banking committees provided for a marked reduction in commissions or even eliminated them, a considerable decrease in the spread over the basic rates, much longer repayment periods for the corresponding debts as well as longer amortization periods (see tables 15 and 16).

## III. CONCIUSIONS

In past reports we described the present economic crisis in Latin America as being the worst one since the ill-fated years of the Great Depression. The crisis unleashed in 1981 has in fact been the severest most widespread and longest crisis suffered by Latin America in the past half century and has proved to be very costly both economically and socially. In order to cope with the difficult balance-of-payments situation, the region was forced to embark on painful economic adjustment processes, which have already been in effect for four years and have had great social and even political implications.

In the economic realm, it was necessary to cut imports drastically in order to generate surpluses in the trade balance which would make it possible to service the debt. This process was in practice accompanied by an abrupt contraction in domestic expenditure which in many cases also led to a decline in production and employment levels.

Thus, the region's per capita product fell in 1983 to the level at which it had stood back in 1976. In addition, in many countries unemployment rose alarmingly, and there was an increase in both visible underemployment (persons who work less than a normal workday) and invisible underemployment (which is reflected in a proliferation of unstable activities where productivity is very low), which was not covered by social security or by the benefits of labour legislation. This deterioration in the employment situation was accompanied by marked drops in real wages, which in many countries now stand at levels close to those recorded early in the past decade. At the same time, food, health and living conditions deteriorated in some cases patently, and basic social investments and expenditure were sacrificed, which will naturally affect the possibilities for raising the standards of living in the next few years.

Taken together, these factors go a long way towards explaining the social pressures observed in various countries in the region. In addition to this, some Latin American countries are the victim of political instability and even armed conflict, all of which adds up to a disquieting social situation.

As shown by the figures presented in the sections above, in 1984 there was a halt and in some cases a tendency towards reversal in the downward trend which some main economic indicators had been showing. This fact, must, however, be evaluated level-headedly rather than greeted with optimism which might prove to be naive.

As we have pointed out on many occasions, global figures are not necessarily indicative or representative of the situation existing in all the countries of the region since they tend to reflect the economic picture of the economies of larger size more faithfully.

Thus, as is borne out by recent experience, those countries with a greater capacity to respond to relative price changes and with closer links to the United States market were able to increase their exports to that country markedly. The greater flexibility of their production apparatus also enabled them to put import substitution into practice rapidly. To do this they had recourse to idle or underutilized installed capacity, some of which have been generated by the heavy investments made in preceding periods and some of which was due to the marked drop in domestic demand. This was true in particular of Brazil and Mexico.

Other countries, however, were unable to make this kind of progress in respect of either increased exports or import substitution although they too had introduced marked changes in their relative prices. In some of them the short-term inelasticity of their production sectors or their traditional links with external markets which were less dynamic or receptive than the North American market represented important obstacles to the achievement of significant progress in the adjustment process.

However, the relatively favourable performance of some of the larger economies in the region and the capacity shown by them and a few other countries for managing very difficult balance-of-payments situations has in recent months produced a general feeling of relief in some international circles. Although this feeling is justified up to a point in view of the capacity shown by some Latin American countries for testructuring their domestic economy so as to be able to cope with the balance-of-payments crisis, it would be dangerous for it to grow into unqualified optimism vis-a$t$ is the immediate furure. It is obvious that in the next few years it will be necessary first to consolidate the undoubted progress which has been made so far and second to correct those negative aspects which still persist.

## 1. Contributions to an evaluation of the adjustment process

In the adjustment process which has been carried out so far, a distinction must be drawn between, first, certain positive factors; second, some elements which are responsible for the fact that this process is still fragile and vulnerable, and finally some persistent and obviously negative factors which could reverse the generally favourable changes which began to appear in 1984.

In the course of 1984 positive elements appeared in the region's adjustment policy which had a decisive effect on the performance of some economies, especially those of larger size. These elements include:
i) The reactivation of the world economy, and in particular that of the United States, with the result that the growth of the OECD countries was over $4 \%$-a moderate rate but one which is well above the rate of around $2.5 \%$ recorded over the two preceding years. The greater growth of the industrialized countries helped to generate considerable expansion in the volume of international trade. The growth of the industrialized countries was characterized in particular by the bigger demand for imports by the United States economy, which was in turn reflected in a trade deficit in that country on the order of US\$ 125 billion.
ii) The more favourable performance of the central economies and the rapid expansion of the North American demand for imports had a favourable effect on exports from the countries of the region. Thus, during the first eight months of 1984, Latin America increased its exports to the North American market by somewhat more than $20 \%$, and some of the countries with greater export capacity, which redirected their sales to the United States more rapidly, experienced an even higher rate of increase.
iii) Agreements to reschedule the external debt negotiated by many Latin American countries with the International Monetary Fund and with international private banks helped to bring the more difficult and stressful balance-of-payments situations under control. As pointed out above, these negotiations went through various phases, in the course of which the terms for refinancing the debts were appreciably improved. Attention should be drawn in particular to the terms of renegotiation achieved by Mexico and Venezuela and those of the agreement recently reached between Argentina and its banking committee, all of which included pluriannual reschedulings of due dates, considerabiy longer maturities and a sizeable reduction in spread over basic rates and other expenditure due to bank intermediation.
iv) The favourable trend followed by international interest rates in recent months, following a period of marked rise. Actually, if the recent two-and-one-half point reduction in international rates is maintained throughout 1985, the region will benefit by a net savings in debt servicing of approximately US $\$ 6.5$ billion that year.
v) The increase in Latin America's international reserves. This increase, following on the declines recorded in the past three years, gives a certain amount of leeway in the management of external payments and, were it to last, would tend to improve the countries' credit and conditions so that their external debt commitments could be renegotiated more favourably.
vi) The course followed by petroleum prices has, on the other hand, had ambivalent effects. While for the petroleum-importing countries, which are in the majority in the cegion, the decline in real oil prices has had beneficial effects, for the oil-exporting countries, it has resulted in considerable cuts in their income, in addition to the limitations they have had to put on the physical expansion of their exports in order to avoid additional reductions in oil prices on the international market.

These positive elements on the external front have been strengthened, moreover, by a growing capacity for dialogue among the countries of the region concerning the problem of the debt and the external adjustment. In slightly less than one year, important meetings have been held at Quito, Cartagena and Mar del Plata, by contrast with what happened in previous periods, when the topic of the debt tended to be dealt with strictly at the bilateral level. Although in the region no doubt has been cast on the case-by-case treatment of the processes of debt renegotiation, a general awareness has been building up among political representatives at the highest level and Latin American economic and financial authorities concerning the need for a stronger regional dialogue in order to identify collective action at international level for improving the general atmosphere of the current negotiations.

## b) Weaknesses and insufficiencies

Recognizing the positive elements described above does not of course mean overlooking those aspects which are still cause for legitimate concern regarding the prospects for the immediate future and in particular the probable behaviour of the world economy during 1985, that being a factor which will have a marked effect on the viability and cost of the present adjustment policies.

Persistent causes for concern include:
i) The marked dependence of the recent expansion of Latin American exports on the rate of domestic growth and the increase of imports in the United States. The degree and manner in which this country is able to reduce its high trade deficit in the future might have a marked effect on the future of the region's exports and restrict one of the mechanisms which has so far been most important in dealing with balance-of-payments problems.
ii) In addition to the preceding cause for concern there is the lack of symmetry in the recovery in other industrial centres, in particular those in Europe, with which many countries of the region are linked commercially. The scant economic dynamism shown by these countries in recent years together with the processes of structural adjustment on which they have embarked have helped to generate high rates of unemployment which in turn create strong protectionist pressures, limiting the possibilities for expansion of some of the potentially more dynamic categories of Latin American exports.
iii) The path followed by interest rates in the future will continue to be a factor of extraordinary importance for the countries of the region and, in some cases, will in the short term be of greater importance even than the performance of the terms of trade. No one doubts that considerable uncertainty exists in this respect. While in some circles a steady drop in interest rates is predicted, in others it is felt that they may well begin to climb again, which would make it emminently difficult for the present adjustment processes and would bring about a considerable rise in the cost of debt servicing and the processes of renegotiation.
iv) The possible weakening of export capacity. To a fairly large extent, the recent increase in the volume of exports recorded in the past two years was based on remnants of domestic production which remained available for export as a result of the sharp drop in domestic demand. It therefore follows that if economic growth is resumed and gathers force in our countries, some of that surplus might be decreased or even depleted, being absorbed by domestic demand. In the last analysis, it is necessary to increase production capacity, which requires time and, above all, more domestic and external savings to finance the investment which would be needed.

## c) Strongly negative factors

In addition to the positive factors and the dubious factors of the adjustment process to which attention have been drawn above, we must note the persistence of some unequivocably negative factors.

In the first place, attention should be drawn to the highly unfavourable performance of the terms of trade, which have worsened and continue to have a particularly harsh effect on many countries of the region which depend on exports of raw materials. Contrary to what happened on the occasion of other reactivations of the world economy, on this occasion the terms of trade of the Latin American countries have remained at abnormally low levels or have risen very little. In this respect, it is worth recalling that the international prices of commodities as decisive for the exports of some countries of the region as sugar and copper have fallen in real terms to their lowest level in the past half century. In these circumstances, for many countries of the region there is naturally less possibility of rapidly increasing the value of their exports, and the social and political cost of the adjustment process are of course more difficult for them to bear.

Secondly, the majority of the countries of the region have had to continue to transfer resources to the exterior as a consequence of the high interest rates prevailing on international markets and the decline in the net inflow of capital. This transfer, in addition to its substantial size, is having a harmful effect in that it has to be carried out at a period in which the terms of trade have fallen to extremely low levels.

Thirdly, the high cost of servicing the external debt has in more than a few cases begun to constitute an inflationary facror since a considerable portion of the public deficit originates precisely in the payment of interest on the debt. Difficulties in balancing public budgets in these conditions induce governments to have recourse to deficit financing which often have an inflationary effect and aggravate the other pressures on prices and costs.

Finally, it is a known fact that external private capital is still being withheld and that this applies in particular to the provision of additional net financing of bank origin. Private external investment has also yet to recover.

## 2. The social and political imperative of growth

The prolonged economic recession in recent years, the severity of its social costs and its disquieting political implications mean that for all the countries of the region there is an imperative need to get back on the path to economic expansion. This objective now seems more realistic than it did a year or two ago.

One fact in support of this view is that although slow and uncertain, recovery has already begun in almost all the countries of the region. Another, more fundamental positive sign is the existence of abundant human, natural and capital resources which are idle or underutilized and could be mobilized to initiate a sustained and vigorous recovery providing it is possible to limit the external restriction and thar efficacious and austere policies are applied at the domestic level.

It should be borne in mind that the drops in production and income levels in recent years will make it necessary to expend considerable effort in the majority of our countries just to return by the end of the decade to those standards of living we had already achieved when it began. Moreover, even this goal, which in a very real sense means recognizing that there will be a "lost decade" from the point of view of economic and social progress, does not appear viable in every case. In fact, some countries of the region will not return to the standards of living they enjoyed at the end of the 1970s until the first half of the 1990s.

It is therefore clear that we can probably not rely exclusively on marker forces in overcoming the difficult problems of the present. Surmounting them will require decisive and consistent action on the part of the governments, both to consolidate their economic recovery, and lay the foundations for a mote autonomous, dynamic and equitable style of development than in the past.

It is for this reason that, in spite of the attenuation in 1984 of some of the more negative characteristics of the adjustment process, we continue to feel the need for additional action to achieve an improvement in the international setting as well as in the quality of domestic policies.

## The improvement of the international climate

The international climate will improve for the countries of the region to the extent that two key objectives are met. These include, first, consolidated and increased growth in the central countries and, second, harmonization of external relations with the objectives of sustained growth of the Latin American economies.
i) Consolidation and extension of the recovery of the centres. The consolidation and extension of the recovery in the centres is essential if the international climate of adjustment is to improve. However, that recovery will help to strengthen our economies only if it is accompanied by an increase in international trade, a reduction of interest rates and the recovery of the terms of trade.

Historically, the growth of the central economies has stimulated the expansion of the volume of world trade. Hewever, it must be emphasized that, as shown by the recent trends of the international prices of several basic Latin American export commodities, greater activity in the central economies does not always lead to the restoration of the old levels and structures of trade. With growing intensity, commodity import substitution policies, economizing on the use of raw materials and energy thanks to scientific and technological innovation and the use of substitutes, are changing the intensity of the relationship which existed between the growth of the central economies and the international demand for commodities. Moreover, levels and trends with regard to interest rates and terms of trade are also of basic importance in reducing the real cost of debt servicing.

The outlook in this connection is, however, affected by the persistence of protectionist measures, which have tended to increase in recent years, in particular as applied to commodities, such as agricultural products, textiles and derivatives of the iron and steel industry, which are highly sensitive in terms of exportable Latin American production. A recent GATT report raises a serious warning concerning these tendencies, which not only jeopardize the achievement of increased levels of trade but also reduce the capacity of the Latin American countries to obtain the foreign currency they need to service their external debt and to finance the increase in imports which is indispensable if they are to reembark on economic growth.
ii) Bringing debt renegotiation more in line with the objectives of growth. As we have noted on previous occasions, the voluminous net transfer of resources to the exterior which Latin America has effected in the past three years has produced a situation which, should it persist, would decisively limit the growth of the region's economies. In this respect, it should be borne in mind that for interest payments alone some Latin American countries have had to transfer the equivalent of between $3 \%$ and $10 \%$ of their gross domestic product.

Thus, it is indispensable to bring these payments within limits which are compatible with the financing of increased imports and the increased investments needed for the growth process. We therefore feel that, having gone beyond the emergency stage of the adjustment processes, the region should initiate co-operation policies such as those outlined below with their creditors and in collaboration with the industrial countries:
-New approaches to renegotiation of the external debt designed to reduce the amount expended on servicing it to levels comparable with the achievement of adequate rates of economic growth. If this is to be accomplished, the real interest rates applicable to the external debt should approach their historic levels of around $2 \%$. So long as this remains impossible, alternative options should be explored for negotiating agreements with the creditor banks aimed at putting ceilings on the share of exports which can be earmarked for interest payments on the debt. The establishment of such limits, which would differ from country to country, would reduce the tremendous vulnerability experienced by the economies of the region due to their having to meet fixed external financial commitments in circumstances in which their foreign currency earnings from trade and external financing fluctuate violently. In our opinion, agreements in the future between countries and the IMF should explicitly incorporate this growth condition and should provide for its implications in respect of more flexible ways of coping with debt servicing.
-A more active policy on the part of multilateral public financing agencies. It is paradoxical that in recent years the volume of resources of public origin has in practice followed a procyclical current. In relative terms, the region received more net resources from multilateral public financing agencies in the past decade than in this one when such capital should play a basic compensatory role. If it is to play this role, not only is a greater volume of resources needed but those resources must be directed towards investments with higher priority in present circumstances, and it must also be possible to disburse them rapidly. By the same token, consideration should be given to imaginative ways in which international public financing agencies may act as mobilizers of private resources. To this end, funds of multilateral origin could act as a catalyst in attracting investment resources from private banking sources.
-The mobilization of private investment must play an important role. This means adapting both domestic policies and the incentives offered by the capital exporting countries. In this respect, it must be emphasized that because of the need for the Latin American economies to recover and since their long-term structural adjustment calls for industrial reconversion, external savings must supplement indispensable national savings efforts.
iii) The special case of countries with less capacity to react to and defend themselves against the crisis. Special consideration should be given to the case of countries with less capacity to take advantage of the stimulation of external demand or which, because of the limited size of their domestic market, have greater difficulty in effecting efficient import substitution.

The experience of recent years has in fact shown that within the region there are countries with less capacity to bear the costs incurred on account of adjustment policies and not always able to take full advantage of the opportunities offered by international trade.

If adjustment policies are to be successful in these countries, there is need for new investment and a substantial reallocation of production resources, and both of these take time and require special support from public finance agencies. It is for this reason that in the case of these countries, both the multilateral public agencies and the bilateral financing agencies should play a sizeable role, supplementing the adjustment measures negotiated with the imF. If this does not happen, the costs of the adjustment process may well be excessively burdensome and difficult to bear both socially and politically.

## b) Tbe quality of domestic policy

This is not the time to reiterate the fundamental role which domestic policy must play in resuming the growth process and promoting the structural transformation of the Latin American countries, a topic to which we have referred on past occasions. However, we must insist on the need to improve the quality and consistency of these policies in view of the fact that, as a consequence of the crisis, the room to manoeuvre has shrunk considerably.

In the short term, it is urgent to promote and consolidate the recovery and to get back on the path to economic growth, while at the same time applying policies which ensure equitable distribution of the costs of adjustment among the various sectors. In particular, there is an urgent need to improve the situation in the more underprivileged social sectors, which are those which suffer most in a crisis such as that experienced by the region in recent years. The need to make economic and social policies more efficient becomes even more apparent when consideration is given on the one hand to the existence of powerful inflationary processes in many countries and, on the other, to the inevitably austere context in which the majority of those countries will have to develop in the rest of this decade.

In the medium term, the countries of che region must recover maneuverability in the management of their policies and achieve a greater degree of autonomy from external restrictions. The present situation, in which the amount of the external debt is so large compared to the value of exports, makes the development process extraordinarily vulnerable. It is for this reason that the active promotion of exports and the efficient substitution of imports must necessarily form part of any development policy.

In the long term, the region should profit from the lesson to be learned from the crisis as it advances towards the establishment of a new style of development, in which not only can the economic growth imperative be satisfied but the challenges presented by changes in the international scenario can be met in a flexible way and the benefits of progress can be distributed more fairly than in the past.

## 3. Political dialogue and meeting of minds in Latin America

The present adjustment processes have been considered from two apparently contradictory angles. On the one hand, in the centres it has been felt that this was a purely technical matter which should be tackled exclusively through negotiation with the private commercial banks and through support policies and the supervision of the International Monetary Fund.

The Latin American countries for their part have embarked on a course of bilateral agreements while at the same time laying increasing stress on the political dimensions of the crisis and on the need for global support mechanisms for decreasing the costs incurred on account of the adjustment process and also distributing these costs more equitably between themselves and the creditor bodies. These positions have been based on the serious economic and social repercussions of the adjustment process and have given recognition to the unavoidable internal responsibility for both the origin of the crisis and its solution.

The countries of the region have also taken the line that a political approach might improve the international climate and create conditions in which the adjustment can be better borne, with reciprocal benefits for debtors and creditors. The reports recently adopted at Quito, Cartagena and Mar del Plata have stressed this dimension. At the same time, they have pointed out that just as responsibility for the gestation of the crisis was shared among external and internal factors, the same must be true of the responsibility for solving or surmounting it.

We believe that these two points of view -the technical and the political-are now more likely to be reconciled and give way to a mutually beneficial dialogue. On the one hand, the Latin American countries have borne the highest costs of the adjustment and have - with a few exceptions - managed to bring the more serious aspects of their indebtedness under control. On the other hand, in the creditor countries there is beginning to be some perception and recognition of those elements which increase the cost of adjustment for the debtor countries and are beyond their means of control, as happened in the case of the high interest rates and the prolonged depression of the terms of trade.

We also feel that since the involuntary loans made by international and private banking in recent years encountered resistance from medium-sized and small banks, there will be a tendency for the debt to concentrate in the big financial banking institutions in the industrialized countries. This will make it more apparent that it is politically advantageous to the creditor countries to improve the international terms of the adjustment.

We believe that in this context the opening of a political dialogue along the lines suggested by the Latin American countries becomes more viable and interesting for the parties to it. Such a dialogue could, without interfering with the present adjustment mechanisms, analyse such topics as the following:
a) Creation of contingency méchanisms in addition to those which now exist so that things which might change the present terms of the adjustment might be dealt with. It must be borne in mind that the available defense mechanisms have already been used and that it would therefore be of benefit to all concerned to analyse arrangements for dealing with unexpected situations which have not been desired by any of the actors in the process.
b) Legal and economic analysis of viable formulas for ensuring that in the process of renegotiating the debt, the servicing of the debt is brought into line with the aims of sustained long-term development of the economies of the region. There are a considerable number of proposals in this connection, and it will be useful to analyse them with a view to reaching a full consensus on this matter.
c) Greater harmony between the IMF support and supervision policies and the complementary action taken by multilateral credit institutions such as the World Bank and the Inter-American Development Bank, along the lines suggested above. This action should lead not only to the provision of additional capital for such institutions but also to the more rapid disbursement of new capital and the mobilization of private resources in creative and innovative ways.

Some of these topics could be the subject of both formal and informal discussions in the forthcoming meetings of the Development Committee of the Fund and the Bank and of the IMF Interim Committee to be held in April 1985.

To promote the holding of such a debate along constructive lines it is essential to have a meeting of minds at the Latin American political level. In this connection, the next stage in the consultations among governments, which will be held at che Dominican Republic, will provide an occasion for moving ahead in this dialogue on the lines indicated at the previous meetings, i.e., informal contacts should be initiated with the treasuries and monetary authorities of the industrialized countries with a view to holding a constructive dialogue free of any reciprocal lack of confidence which may have existed when a situation of greater uncertainty prevailed.

Finally, this account of the notable challenges and costs caused by the crisis would be incomplete if no mention were made of the gradual erosion which is becoming apparent in the long-term view of things. The economic and political actors, overwhelmed by the severity and urgency of the problems at hand, have concentrated on short-term solutions; on more than a few occasions the feeling of discouragement and confusion have spread. There is uncertainty concerning what roads to take in the future, towards what goals to orient the transformation of production, what roles to assign to the private and public sectors and, in general, how to put new styles of development together.

ECLAC, in accordance with its most cherished traditions, has decided to promote a full scale debate concerning the future of the region, which will draw on the lessons of the past in exploring new development projects designed to regain the social and temporal perspective needed to produce an economic and political transformation capable of bringing the region out of the crisis.

To this end, and in line with the suggestions made at the latest ECLAC Conference, the Secretariat will convene a technical meeting in 1985 to submit to the member governments the central policy lines needed to face up to the challenges and take advantage of the opportunities that the future holds for the region.

Table 1

## LATIN AMERICA: MAIN ECONOMIC INDICATORS ${ }^{n}$

| Indicators | 1975 | 1977 | 1979 | 1980 | 1981 | 1982 | 1983 | $1984^{\text {b }}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Gross domestic product at market prices (billions of dollars |  |  |  |  |  |  |  |  |
| at 1970 prices) | 257 | 285 | 318 | 336 | 341 | 338 | 327 | 336 |
| Population (millions of inhabitants) | 302 | 318 | 334 | 342 | 350 | 358 | 367 | 375 |
| Per capita gross domestic product (dollars at 1970 prices) | 849 | 897 | 953 | 982 | 975 | 943 | 893 | 895 |
| Per capita gross national income (dollars at 1970 prices) | 848 | 898 | 951 | 985 | 962 | 912 | 860 | 858 |
| Growth rates |  |  |  |  |  |  |  |  |
| Gross domestic product | 3.6 | 5.1 | 6.5 | 5.6 | 1.7 | -1.0 | -3.1 | 2.6 |
| Per capita gross domestic product | 1.1 | 2.5 | 3.9 | 3.1 | -0.7 | -3.3 | -5.3 | 0.2 |
| Per capita gross national income | -0.5 | 2.6 | 4.5 | 3.5 | -2.3 | -5.3 | -5.7 | -0.2 |
| Consumer prices ${ }^{\text {c }}$ | 57.8 | 40.0 | 54.1 | 56.5 | 56.8 | 84.5 | 130.8 | 175.4 |
| Terms of trade (goods) | -13.5 | 6.1 | 4.1 | 3.3 | -8.4 | -9.0 | -6.2 | 0.2 |
| Current value of exports of goods | -7.8 | 19.3 | 34.6 | 29.4 | 7.3 | -7.9 | -0.2 | 9.3 |
| Curtent value of imports of goods | 6.5 | 15.0 | 25.8 | 32.4 | 7.8 | -19.9 | -28.6 | 4.4 |
| Billions of dollars |  |  |  |  |  |  |  |  |
| Exports of goods | 33.6 | 46.7 | 67.5 | 87.3 | 93.8 | 86.4 | 86.2 | 94.8 |
| Imports of goods | 39.2 | 46.9 | 67.1 | 88.9 | 95.8 | 76.7 | 54.7 | 57.2 |
| Merchandise trade balance | -5.6 | -0.2 | 0.4 | -1.6 | -2.0 | 9.7 | 31.4 | 37.6 |
| Net payments of profits and interest | 5.6 | 8.2 | 13.7 | 18.0 | 27.7 | 37.6 | 34.5 | 37.3 |
| Balance of current account ${ }^{\text {d }}$ | -14.0 | -11.8 | -19.6 | -28.1 | -40.6 | -40.6 | -9.0 | -3.1 |
| Net movement of capital ${ }^{e}$ | 14.2 | 17.0 | 28.6 | 29.7 | 37.8 | 19.2 | 4.4 | 10.6 |
| Trade balance ${ }^{\prime}$ | 0.2 | 5.2 | 9.0 | 1.6 | -2.8 | -21.4 | -4.5 | 7.5 |
| Total gross external debt ${ }^{8}$ | 89.4 | 107.3 | 182.0 | 221.0 | 275.4 | 315.3 | 340.9 | 360.2 |

[^1]${ }^{0}$ Product, population and income figures refer to the group formed by the countries included in table 2, except Cuba ( 19 countrics). Consumer price figures relate to those 19 countries plus Barbados, Guyana, Jamaica and Trinidad and Tobago, except for the years 1982 and 1983, where Guyana is excluded, and for 1984, where Guatemala and Guyana ate excluded. The data on the exrernal sector relate to the 19 countries mentioned above. "Provisional essimates subject to revision. 'Variation from December to December. ${ }^{\text {d }}$ Incledes net unrequited private transfer payments. 'Includes long and short-term capital, official unrequited transfer payments and errors and omissions. $\quad$ Relates to the variation in international reserves plus counrerpart items. ${ }^{8}$ 1975 to 1977: includes officialiy guaranteed public and private external debt, pius long- and short-term non-guaranteed debe with financial instirutions reporting to the Bank for International settlements. Does not indude guaranteed and non-guaranteed debr with other commercial banks, or non-guaranteed supplier loans. 1978 to 1984 : see notes to table "Latin America: rotal external debe disbursed", included in the text.

Table 2
LATIN AMERICA: EVOLUTION OF TOTAL GROSS DOMESTIC PRODUCT

| Country | Growth rates |  |  |  |  |  | Cumulative rate |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & 1975- \\ & 1978 \end{aligned}$ | $\begin{aligned} & 1979 \\ & 1980 \end{aligned}$ | 1981 | 1982 | 1983 | $1984{ }^{\text {a }}$ | 1981-1984 ${ }^{\text {a }}$ |
| Argentina | 4.8 | 3.7 | -6.2 | -5.1 | 3.1 | 2.5 | -6.0 |
| Bolivia | 5.1 | 1.2 | -0.9 | -8.7 | -7.6 | 0.5 | -16.1 |
| Brazil | 6.5 | 6.8 | -1.6 | 0.9 | -3.2 | 3.5 | -0.3 |
| Colombia | 4.9 | 4.7 | 2.3 | 0.9 | 0.8 | 3.0 | 7.4 |
| Costa Rica | 5.7 | 2.8 | -2.3 | -7.3 | 2.3 | 3.0 | -4.5 |
| Cuba ${ }^{\text {b }}$ | $6.0{ }^{\text {c }}$ | 2.9 | 15.6 | 2.6 | 5.2 | $\cdots$ | $24.8{ }^{\text {d }}$ |
| Chile | 1.7 | 8.0 | 5.7 | -14.3 | -0.8 | 5.5 | -5.4 |
| Ecuador | 7.0 | 5.1 | 3.9 | 1.8 | -3.3 | 2.0 | 4.5 |
| El Salvador | 5.5 | -5.3 | -8.3 | -5.6 | 0.0 | 1.5 | -12.2 |
| Guatemala | 5.5 | 4.2 | 0.7 | -3.5 | -2.7 | 0.0 | -5.5 |
| Haiti | 3.7 | 7.5 | -2.8 | -2.5 | -0.6 | 3.0 | -3.0 |
| Honduras | 5.8 | 4.7 | 1.2 | -1.8 | -0.5 | 2.0 | 0.9 |
| Mexico | 5.3 | 8.8 | 7.9 | -0.5 | -5.3 | 2.5 | 4.0 |
| Nicaragua | 1.2 | -10.0 | 5.3 | -1.2 | 4.0 | 0.5 | 8.8 |
| Panama | 3.5 | 9.7 | 4.2 | 5.5 | 0.4 | 0.0 | 10.3 |
| Paraguay | 9.2 | 11.4 | 8.7 | -1.0 | -3.0 | 3.0 | 7.4 |
| Peru | 1.5 | 4.0 | 3.9 | 0.4 | -10.8 | 3.5 | -3.8 |
| Dominican Republic | 4.7 | 5.3 | 4.0 | 1.7 | 3.9 | 1.5 | 11.6 |
| Uruguay | 4.1 | 6.0 | 1.9 | -9.7 | -4.7 | -2.0 | -13.9 |
| Venezuela | 5.9 | -3.4 | -0.3 | 0.7 | -4.8 | -1.5 | -6.1 |
| Total ${ }^{\text {e }}$ | 4.8 | 6.1 | 1.7 | -1.0 | -3.1 | 2.6 | 0.0 |

Source: ECI.AC, on the basis of official figures.
${ }^{a}$ Provisional estimates subject to revision.
${ }^{5}$ Relates to total social product.
'Relates to the period 1976-1978.
${ }^{\circ}$ Relates to the perised 1981.1983 . 'Average excluding Cuba.

Table 3
LATIN AMERICA: EVOLUTION OF PER CAPITA GROSS DOMESTIC PRODUCT ${ }^{\circ}$

| Country | Dollars at 1970 prices |  |  |  | Growth rates |  |  |  |  | Cumulative rate |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1970 | 1980 | 1983 | $1984^{\text {b }}$ | 1980 | 1981 | 1982 | 1983 | $1984^{6}$ | 1981-1984 ${ }^{\text {b }}$ |
| Argentina | 1241 | 1334 | 1166 | 1177 | -0.9 | -7.7 | -6.6 | 1.4 | 0.9 | -11.8 |
| Bolivia | 317 | 382 | 295 | 288 | -2.1 | -3.5 | -11.1 | -10.0 | -2.2 | -24.6 |
| Brazil | 494 | 887 | 798 | 809 | 4.8 | -3.8 | -1.3 | -5.3 | 1.3 | -8.9 |
| Colombia | 598 | 824 | 804 | 812 | 1.9 | 0.1 | -1.2 | -1.4 | 1.0 | -1.5 |
| Costa Rica | 740 | 974 | 834 | 837 | -2.1 | -4.9 | -9.7 | -0.3 | 0.4 | -14.1 |
| Cuba ${ }^{\text {c }}$ | ... | ... | $\ldots$ | ... | -1.9 | 14.9 | 2.0 | 4.6 | ... | $22.6{ }^{\text {d }}$ |
| Chile | 958 | 1045 | 895 | 928 | 6.2 | 4.1 | -15.7 | -2.4 | 3.6 | -11.2 |
| Ecuador | 413 | 723 | 678 | 673 | 1.9 | 1.0 | -1.1 | -6.1 | -0.7 | -6.9 |
| El Salvador | 422 | 433 | 344 | 339 | $-11.3$ | -10.9 | -8.3 | -2.9 | -1.4 | -21.8 |
| Guatemala | 448 | 589 | 512 | 497 | 0.9 | -2.1 | -6.2 | -5.4 | -2.8 | -15.5 |
| Haiti | 90 | 114 | 99 | 100 | 5.1 | -5.2 | -4.9 | -3.1 | 0.4 | -12.2 |
| Honduras | 313 | 356 | 318 | 314 | -0.8 | -2.3 | -5.1 | -3.8 | -1.4 | -12.0 |
| Mexico | 978 | 1366 | 1284 | 1280 | 5.5 | 5.1 | -3.1 | -7.7 | -0.3 | -6.3 |
| Nicaragua | 418 | 337 | 331 | 322 | 6.7 | 2.0 | -4.4 | 0.5 | -2.8 | -4.7 |
| Panama | 904 | 1174 | 1214 | 1188 | 10.5 | 1.9 | 3.2 | -1.8 | -2.2 | 1.1 |
| Paraguay | 383 | 642 | 612 | 611 | 7.9 | 5.4 | -3.9 | -5.9 | -0.1 | -4.8 |
| Peru | 659 | 690 | 593 | 598 | 1.2 | 1.2 | -2.2 | -13.2 | 0.9 | -13.3 |
| Dominican Republic | 398 | 601 | 615 | 611 | 3.6 | 1.6 | -0.7 | 1.5 | -0.7 | 1.7 |
| Uruguay | 1097 | 1426 | 1226 | 1195 | 5.3 | 1.2 | -10.3 | -5.3 | -3.5 | -16.2 |
| Venezuela | 1239 | 1310 | 1147 | 1097 | -5.1 | -3.3 | -2.2 | -7.4 | -4.4 | -16.2 |
| Total ${ }^{\text {e }}$ | 709 | 982 | 893 | 895 | 3.1 | -0.7 | -3.3 | -5.3 | 0.2 | -8.9 |

Source: ECLAC, on the basis of official figures.
${ }^{\text {a }}$ At market prices. $\quad{ }^{b}$ Provisional estimates subject to revision. $\quad{ }^{\text {c }}$ Refers to total social product. $\quad{ }^{d}$ Refers to 1981-1983. $\quad$ Average, excluding Cuba.

Table 4

LATIN AMERICA: EVOLUTION OF URBAN UNEMPLOYMENT
(Average annual rates)

| Country | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Argentina ${ }^{\text {a }}$ | 3.4 | 2.6 | 4.5 | 2.8 | 2.8 | 2.0 | 2.3 | 4.5 | 4.8 | 4.1 | 4.0 |
| Bolivia ${ }^{\text {b }}$ | ... | ... | ... | 7.9 | 4.5 | 7.6 | 7.5 | 9.7 | 9.4 | 12.1 | 13.3 |
| Brazil ${ }^{\text {c }}$ | $\ldots$ | $\ldots$ | ... | ... | 6.8 | 6.4 | 7.2 | 7.9 | 6.3 | 6.7 | 7.5 |
| Colombia ${ }^{\text {d }}$ | 12.7 | 11.0 | 10.6 | 9.0 | 9.0 | 8.9 | 9.7 | 8.2 | 9.3 | 11.8 | 13.5 |
| Costa Rica ${ }^{\text {e }}$ | $\cdots$ | ... | 5.4 | 5.1 | 5.8 | 5.3 | 6.0 | 9.1 | 9.9 | 8.5 | 7.9 |
| Chilef | 8.3 | 15.0 | 16.3 | 13.9 | 13.3 | 13.4 | 11.7 | 9.0 | 20.0 | 19.0 | 18.6 |
| Mexico ${ }^{8}$ | 7.4 | 7.2 | 6.8 | 8.3 | 6.9 | 5.7 | 4.5 | 4.2 | 4.1 | 6.9 | 6.3 |
| Nicaragua ${ }^{\text {h }}$ | ... | ... | ... | ... | ... | 21.4 | 18.3 | 15.9 | 18.5 | 18.9 | 19.8 |
| Panama ${ }^{\text {i }}$ | 7.5 | 8.6 | 9.0 | ... | 9.6 | 11.6 | 9.8 | 11.8 | 10.3 | 11.2 | ... |
| Paraguay ${ }^{\text {j }}$ | $\ldots$ | ... | 6.7 | 5.4 | 4.1 | 5.9 | 4.1 | 2.2 | 5.6 | 8.4 | $\cdots$ |
| Peru ${ }^{\text {k }}$ | 4.1 | 7.5 | 6.9 | 8.7 | 8.0 | 6.5 | 7.1 | 6.8 | 7.0 | 9.2 | 10.9 |
| Uruguay ${ }^{\prime}$ | 8.1 | $\cdots$ | 12.7 | 11.8 | 10.1 | 8.3 | 7.4 | 6.7 | 11.9 | 15.5 | 14.5 |
| Venezuela ${ }^{\text {m }}$ | 7.6 | 8.3 | 6.8 | 5.5 | 5.1 | 5.8 | 6.6 | 6.8 | 7.8 | 10.5 | 13.9 |

Source: ECLAC and PREALC, on the basis of official figures
${ }^{\text {a }}$ Greater Buenos Aires. Average April-Ocrober; 1984, Aprii.
${ }^{{ }^{1}}{ }_{\text {La Paz, 1972 }}$ 1977, 1978 and 1979, second semester; 1980, average May October; 1983, second semester; 1984, first semester. 'Mecropolitan areas of Rio de Janeiro, Sao Paulo, Belo Horizonte, Porto Alegre, Salvador and Recife. Average for 12 munths; 1980 , average June-December; 1984, average January-October. ${ }^{\text {® Bogotá, Barranquilia, Medellín and Cali. Average for March, June, September and December; 1984, average for }}$ March, June and September. 'National urban. Average for March, July and November; 1984, March. ${ }^{\prime}$ Greater Santiago. Average for four quarters; 1984, average for three quarters. As from August 1983 data relate to the metropolitan area of Sanciago. ${ }^{2}$ Metropoliran areas of México City, Guadalajara and Monterrey. Average for four quarters. 1984, average for first two quarters. ${ }^{h} 1979$ to 1981, non-agricultural activities; 1982 to 1984 , an estimate. National urban; 1980, urban unemployment recorded in the pupulation census taken in that year; 1981, 1982 and 1983, metropolitan area. 'Asunción, Fernando de la Mora, Lambaré and urban areas of Luque and San Lorenzo, anmual average; 1981, first semester; 1982, second semester. ${ }^{k}$ Metropolitan Lima. 1970, August-September; 1978, average for Juty-August; 1979, August-September; 1980, April; 1981, June; 1982, 1983 and 1984, official estimate for the whole country. Montevideo. Average for two semesters. 1984, average January-Seprember. "National urban. Average for two semesters; 1984, first semester.

Table 5

## LATIN AMERICA: EVOLUTION OF CONSUMER PRICES

(Variations from December to December)

| Country | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Latin America ${ }^{\text {a }}$ | 62.2 | 40.0 | 39.0 | 54.1 | 56.5 | 56.8 | 84.5 | 130.8 | 175.4 |
| Countries with tradition- |  |  |  |  |  |  |  |  |  |
| ally high inflation | 74.5 | 47.1 | 45.7 | 61.9 | 61.5 | 71.7 | 102.8 | 156.6 | 208.0 |
| Argentina | 347.5 | 150.4 | 169.8 | 139.7 | 87.6 | 131.2 | 209.7 | 433.7 | $675.0^{6}$ |
| Bolivia | 5.5 | 10.5 | 13.5 | 45.5 | 23.9 | 25.2 | 296.5 | 328.5 | $1682.3{ }^{\text {b }}$ |
| Brazil ${ }^{\text {d }}$ | 44.8 | 43.1 | 38.1 | 76.0 | 95.3 | 91.2 | 97.9 | 179.2 | $194.7{ }^{\text {b }}$ |
| Colombia ${ }^{\text {e }}$ | 25.9 | 29.3 | 17.8 | 29.8 | 26.5 | 27.5 | 24.1 | 16.5 | $16.4{ }^{\text {b }}$ |
| Chile | 174.3 | 63.5 | 30.3 | 38.9 | 31.2 | 9.5 | 20.7 | 23.6 | $22.2{ }^{\text {b }}$ |
| Mexico | 27.2 | 20.7 | 16.2 | 20.0 | 29.8 | 28.7 | 98.8 | 80.8 | $59.2{ }^{\text {b }}$ |
| Peru | 44.7 | 32.4 | 73.7 | 66.7 | 59.7 | 72.7 | 72.9 | 125.1 | $105.8{ }^{\text {b }}$ |
| Uruguay | 39.9 | 57.3 | 46.0 | 83.1 | 42.8 | 29.4 | 20.5 | 51.5 | $63.8{ }^{\text {b }}$ |
| Countries with tradition- |  |  |  |  |  |  |  |  |  |
| ally moderate inflation | 7.9 | 8.8 | 9.8 | 20.1 | 15.4 | 14.1 | 12.6 | 17.2 | 17.0 |
| Barbados | 3.9 | 9.9 | 11.3 | 16.8 | 16.1 | 12.3 | 6.9 | 5.5 | $3.9{ }^{\text {f }}$ |
| , Costa Rica | 4.4 | 5.3 | 8.1 | 13.2 | 17.8 | 65.1 | 81.7 | 10.7 | $15.7{ }^{\text {g }}$ |
| Ecuador ${ }^{\text {h }}$ | 13.1 | 9.8 | 11.8 | 9.0 | 14.5 | 17.9 | 24.3 | 52.5 | $19.1{ }^{8}$ |
| El Salvador | 5.2 | 14.9 | 14.6 | 14.8 | 18.6 | 11.6 | 13.8 | 15.5 | $13.1{ }^{\text {g }}$ |
| Guatemala | 18.9 | 7.4 | 9.1 | 13.7 | 9.1 | 8.7 | -2.0 | 15.4 | ... |
| Guyana | 9.2 | 9.0 | 20.0 | 19.4 | 8.5 | 29.1 | ... | ... | $\cdots$ |
| Hatii ${ }^{\text {i }}$ | -1.4 | 5.5 | 5.5 | 15.4 | 15.3 | 16.4 | 6.2 | 12.2 | $8.6{ }^{j}$ |
| Honduras | 5.6 | 7.7 | 5.4 | 18.9 | 15.0 | 9.2 | 9.4 | 10.2 | $6.9{ }^{\text {k }}$ |
| Jamaica | 8.3 | 14.1 | 49.4 | 19.8 | 28.6 | 4.8 | 7.0 | 14.5 | $33.1{ }^{1}$ |
| Nicaragua | 6.2 | 10.2 | 4.3 | 70.3 | 24.8 | 23.2 | 22.2 | 32.9 | $40.0^{\text {c }}$ |
| Panama | 4.8 | 4.8 | 5.0 | 10.0 | 14.4 | 4.8 | 3.7 | 2.0 | $1.1{ }^{8}$ |
| Paraguay | 3.4 | 9.4 | 16.8 | 35.7 | 8.9 | 15.0 | 4.2 | 14.1 | $25.4{ }^{\text {g }}$ |
| Dominican Republic | 7.0 | 8.5 | 1.8 | 26.2 | 4.2 | 7.4 | 7.1 | 9.8 | $21.2^{\text {m }}$ |
| Trinidad and Tobago | 12.0 | 11.4 | 8.8 | 19.5 | 16.6 | 11.6 | 10.8 | 15.4 | $13.4{ }^{\text {f }}$ |
| Venezuela | 6.9 | 8.1 | 7.1 | 20.5 | 19.6 | 10.8 | 7.9 | 7.0 | $15.7{ }^{\text {g }}$ |

Source: International Monetary Fund, International Financial Statistics, November 1984, and official information supplied by the countries.
${ }^{a}$ Trats for Latin America and partial figures for groups of countries represent average variations by countries, weighted by the population in each

 represent the Consumer Price Index in the city of Rio de Janeiro: from 1980 onwards, the variation in the national toral. "Up to 1980, figures represent the variation in the Consumer Price Index for manual workers; from 1981 onwars, the variation in the national coral, inciuding manual workers and | employees. | ${ }^{\prime}$ Variation between August 1984 and August $1983 . \quad{ }^{8}$ Variation between October 1984 and October 1983. ${ }^{h}$ Up to 1982 , figures |
| :--- | :--- | :--- | represent the variation in the Consumer Price Index in the ciry of Quito; from 1983 onwards, the national Consumer Price Index, urban area. 'The series represents the variation between September of the year indicated and September of the preceding year. 'Variarion between June 1984 and June

1983 - Variation berween March 1984 and March 1983 . Variation berveen July 1984 and July 1983.
1983.

Table 6

## LATIN AMERICA: EXPORTS OF GOODS

(Indexes: $1970=100$ and growth rates)

| Country | Value |  |  |  | Unit value |  |  |  | Quantum |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\frac{\text { Index }}{1984^{a}}$ | Growth rates |  |  | $\frac{\text { Index }}{1984^{a}}$ | Growth rates |  |  | $\frac{\text { Index }}{1984^{\circ}}$ | Growth rates |  |  |
|  |  | 1982 | 1983 | $1984^{\circ}$ |  | 1982 | 1983 | $1984^{\circ}$ |  | 1982 | 1983 | $1984^{\text {a }}$ |
| Latin America | 692 | -7.9 | -0.2 | 9.3 | 297 | -10.3 | -8.1 | -0.5 | 233 | 2.7 | 8.6 | 9.8 |
| Oilexporting |  |  |  |  |  |  |  |  |  |  |  |  |
| countries | 843 | -3.8 | -4.1 | 6.0 | 443 | -16.1 | -10.3 | -3.3 | 190 | 14.8 | 7.0 | 9.6 |
| Bolivia | 382 | -9.0 | -8.6 | -3.8 | 429 | -3.5 | 3.1 | 3.6 | 89 | -5.7 | -11.4 | -7.3 |
| Ecuador | 1060 | -7.9 | 0.9 | 5.3 | 456 | -7.7 | -7.8 | 0.9 | 233 | -0.2 | 9.5 | 4.4 |
| Mexico | 1743 | 10.7 | 0.7 | 5.7 | 334 | -13.0 | -10.5 | -4.0 | 522 | 27.3 | 12.5 | 10.1 |
| Peru | 291 | 1.3 | -8.4 | -0.2 | 263 | -10.4 | 3.6 | -9.5 | 111 | 13.1 | -11.6 | 10.3 |
| Venezuela | 611 | -18.2 | -10.2 | 8.4 | 1140 | . 7.8 | -7.3 | -3.0 | 54 | -11.3 | -3.2 | 11.9 |
| Non-oil-exporting |  |  |  |  |  |  |  |  |  |  |  |  |
| Argentina | 491 | -16.6 | 2.8 | 11.1 | 253 | -12.0 | -7.4 | 4.0 | 194 | -5.3 | 11.1 | 6.8 |
| Brazil | 984 | -13.3 | 8.6 | 23.1 | 237 | -7.2 | -5.9 | 6.0 | 415 | -6.6 | 15.4 | 16.1 |
| Colombia | 387 | -0.1 | -6.6 | 1.6 | 313 | 8.9 | -4.0 | 8.3 | 124 | -8.3 | -2.7 | -6.2 |
| Costa Rica | 417 | -13.1 | -2.3 | 13.3 | 259 | -5.5 | -2.2 | 6.7 | 161 | -8.1 | -0.1 | 6.1 |
| Chile | 330 | -3.1 | 3.3 | -4.1 | 126 | -17.2 | -0.1 | -5.0 | 262 | 16.7 | 3.4 | 0.5 |
| El Salvador | 332 | -11.8 | 4.0 | 7.1 | 285 | 4.8 | -5.5 | 3.3 | 117 | -15.8 | 10.0 | 3.7 |
| Guatemala | 386 | -7.6 | -9.0 | 4.9 | 223 | -7.7 | -12.8 | 3.4 | 173 | 0.0 | 4.4 | 1.6 |
| Haiti | 510 | 15.5 | 2.7 | 11.1 | 274 | 1.0 | -4.1 | 5.0 | 186 | 14.4 | 7.2 | 6.2 |
| Honduras | 417 | -13.7 | 2.6 | 6.9 | 267 | -4.0 | -2.0 | -0.4 | 156 | -10.0 | 4.8 | 7.2 |
| Nicaragua | 240 | -20.1 | 5.5 | 0.1 | 204 | -6.0 | -9.6 | 7.4 | 118 | -15.0 | 16.7 | -6.6 |
| Panama | 193 | 0.4 | -8.1 | -20.9 | 236 | -15.1 | 0.6 | -5.0 | 82 | 18.3 | -8.6 | -16.6 |
| Paraguay | 582 | -0.6 | -17.7 | 16.4 | 268 | -12.7 | -9.3 | 5.0 | 217 | 13.9 | -9.2 | 10.9 |
| Dominican Republic | 417 | -35.4 | 2.0 | 13.9 | 259 | -30.0 | 6.9 | 4.1 | 161 | -7.7 | -4.6 | 9.4 |
| Uruguay | 445 | 2.2 | -7.9 | -13.9 | 234 | -6.5 | . 7.3 | 0.6 | 190 | 9.3 | -0.6 | -14.4 |

Source: ECLAC, on the basis of official figures.
${ }^{\circ}$ Provisional estimates subject to revision.

Table 7

## LATIN AMERICA: IMPORTS OF GOODS

(Indexes: $1970=100$, and grouth rates)

| Country | Value |  |  |  | Unit value |  |  |  | Quantum |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Index | Growth rates |  |  | Index | Growth rates |  |  | Index | Growth rates |  |  |
|  | $1984{ }^{\text {a }}$ | 1982 | 1983 | $1984^{\text {a }}$ | $1984^{\text {a }}$ | 1982 | 1983 | $1984^{\text {a }}$ | $1984^{\text {a }}$ | 1982 | 1983 | $1984{ }^{\text {a }}$ |
| Latin America | 447 | -19.9 | -28.6 | 4.4 | 313 | 1.5 | -2.1 | -0.3 | 143 | $-18.7$ | -27.2 | 4.7 |
| Oil-exporting |  |  |  |  |  |  |  |  |  |  |  |  |
| countries | 433 | -20.1 | -44.4 | 14.1 | 266 | 0.0 | -4.2 | 1.4 | 163 | -20.1 | -41.9 | 12.4 |
| Bolivia | 337 | -37.0 | 12.4 | -5.6 | 311 | -2.6 | -3.3 | 4.7 | 108 | -35.3 | 16.2 | -9.9 |
| Ecuador | 633 | -7.6 | -35.4 | 12.0 | 244 | 0.0 | -1.0 | 0.0 | 259 | -7.6 | -34.8 | 12.2 |
| Mexico | 447 | -40.0 | -46.5 | 29.6 | 277 | 6.0 | -7.3 | 2.5 | 161 | -43.4 | -42.3 | 26.1 |
| Peru | 348 | -2.1 | -26.8 | -10.8 | 320 | 2.0 | 3.3 | 4.0 | 109 | -4.1 | -29.2 | -14.2 |
| Venezuela | 429 | 12.0 | -50.1 | 8.4 | 243 | -5.7 | -5.5 | 0.2 | 177 | 18.8 | -47.2 | 8.2 |
| Non-oil-exporting |  |  |  |  |  |  |  |  |  |  |  |  |
| countries | 456 | -19.7 | -15.9 | -0.8 | 352 | -3.2 | -5.6 | 0.1 | 130 | -17.1 | -11.0 | 0.8 |
| Argentina | 285 | -42.2 | -15.2 | 3.6 | 314 | -4.9 | -4.4 | 2.0 | 91 | -39.4 | -11.3 | 1.5 |
| Brazil | 573 | -12.2 | -20.4 | -7.0 | 410 | -3.6 | -6.1 | -2.4 | 140 | -8.9 | -15.3 | -4.6 |
| Colombia | 589 | 13.5 | -11.9 | -0.7 | 259 | -4.4 | -6.3 | 2.3 | 227 | 18.7 | -6.1 | -3.0 |
| Costa Rica | 387 | . 28.4 | 14.6 | 24.4 | 372 | 5.3 | 2.8 | 5.1 | 104 | -32.0 | 11.5 | 18.2 |
| Chile | 377 | -44.1 | -22.7 | 16.1 | 367 | -7.7 | -7.9 | -0.3 | 103 | -39.4 | -16.0 | 16.3 |
| El Salvador | 467 | -8.1 | -2.8 | 13.3 | 345 | 5.7 | 1.7 | 3.5 | 135 | -13.0 | -4.4 | 9.2 |
| 'Guatemala | 425 | -16.6 | -17.8 | 7.3 | 362 | 6.3 | 3.2 | 4.2 | 118 | -21.6 | -20.3 | 3.2 |
| Haiti | 719 | -15.5 | 2.7 | -1.9 | 350 | 7.3 | 2.5 | 5.0 | 206 | -21.2 | 2.0 | -6.6 |
| Honduras | 370 | -24.2 | 11.8 | -1.3 | 315 | 1.0 | -1.0 | 1.0 | 117 | -25.0 | 12.9 | -2.3 |
| Nicaragua | 436 | -21.6 | 7.6 | 0.2 | 360 | 5.3 | 3.8 | 1.4 | 121 | -25.5 | 3.7 | -1.2 |
| Panama | 333 | 0.0 | -13.5 | -11.4 | 450 | 4.9 | 1.6 | 3.8 | 74 | -4.6 | -14.9 | -14.9 |
| Paraguay | 757 | -7.9 | -22.5 | 5.2 | 332 | 3.7 | -4.2 | 4.0 | 228 | -11.2 | -19.1 | 1.1 |
| Dominican Republic | 437 | -13.4 | 3.2 | -6.4 | 320 | 2.2 | -1.7 | 0.3 | 137 | -15.3 | 4.9 | -6.6 |
| Uruguay | 387 | -34.8 | -28.7 | 6.0 | 319 | -7.1 | -8.4 | -1.8 | 121 | -29.8 | -22.2 | 8.1 |

Source: ECLAC, on the basis of official figures.
${ }^{a}$ Provisional estimates subject to revision

Table 8
LATIN AMERICA: TERMS OF TRADE
(Indexes: $1970=100$, and grouth rates)

| Country | Indexes |  |  |  | Growth rates |  |  |  | Cumulative rates |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1975 | 1980 | 1983 | $1984{ }^{\text {a }}$ | 1981 | 1982 | 1983 | $1984^{a}$ | $\begin{aligned} & 1979 / \\ & 1980 \end{aligned}$ | $\begin{gathered} 1981 / \alpha \\ 1984^{a} \end{gathered}$ |
| Latin America | 114 | 121 | 95 | 95 | -8.4 | $-9.0$ | -6.2 | 0.2 | 7.0 | -21.7 |
| Oil-exporting |  |  |  |  |  |  |  |  |  |  |
| countries | 188 | 235 | 175 | 166 | -5.7 | -16.0 | -6.4 | -4.6 | 40.8 | -29.3 |
| Bolivia | 111 | 139 | 139 | 138 | -5.0 | -1.0 | 6.6 | -0.9 | 15.7 | -0.6 |
| Ecuador | 162 | 239 | 185 | 188 | -10.0 | -7.7 | -6.8 | 1.7 | 36.7 | -21.3 |
| Mexico | 106 | 164 | 129 | 120 | -1.0 | -18.0 | -3.4 | -6.8 | 37.9 | -26.8 |
| Peru | 104 | 130 | 95 | 82 | -17.6 | -12.1 | 0.2 | -13.3 | 50.6 | -37.1 |
| Venezuela | 340 | 511 | 485 | 470 | -1.0 | -2.2 | -1.9 | -3.2 | 63.8 | -8.0 |
| Non-ail-exporting |  |  |  |  |  |  |  |  |  |  |
| countries | 83 | 76 | 63 | 66 | -14.4 | -4.9 | 0.8 | 4.5 | -13.7 | -14.3 |
| Argentina | 99 | 93 | 79 | 81 | -4.7 | -7.5 | -3.2 | 2.4 | 17.2 | -12.6 |
| Brazil | 85 | 66 | 53 | 58 | -16.6 | -3.8 | 0.2 | 8.8 | -23.7 | -12.5 |
| Colombia | 82 | 126 | 114 | 121 | -22.5 | 13.9 | 2.3 | 6.3 | -16.2 | -3.9 |
| Costa Rica | 77 | 94 | 69 | 70 | -14.3 | -10.2 | -4.9 | 2.0 | -5.0 | -25.3 |
| Chile | 52 | 47 | 37 | 34 | -21.0 | -10.4 | 7.8 | -7.4 | -4.1 | -28.0 |
| El Salvador | 87 | 103 | 83 | 83 | -12.6 | -0.8 | -7.1 | 0.4 | -22.6 | -19.1 |
| Guatemala | 69 | 92 | 62 | 62 | -8.2 | -13.2 | -15.6 | -0.6 | -19.2 | -33.3 |
| Haiti | 92 | 98 | 78 | 78 | -9.4 | -5.8 | -6.6 | 0.0 | -12.9 | -20.2 |
| Honduras | 91 | 105 | 86 | 85 | -13.0 | -5.0 | -1.0 | -0.8 | -7.1 | -18.9 |
| Nicaragua | 79 | 78 | 54 | 57 | -11.3 | -10.7 | -13.0 | 6.5 | -19.6 | -26.6 |
| Panama | 109 | 72 | 57 | 53 | -0.1 | -19.0 | -1.0 | -8.4 | -2.5 | -26.7 |
| Paraguay | 104 | 96 | 80 | 81 | 4.6 | -15.8 | -5.3 | 0.9 | -22.1 | -15.9 |
| Dominican Republic | 148 | 101 | 78 | 81 | 3.6 | -31.5 | 8.6 | 4.0 | 19.0 | -19.8 |
| Uruguay | 74 | 80 | 72 | 73 | -11.7 | 0.6 | 1.3 | 1.8 | -5.7 | -8.4 |

Source: ECLAC , on the basis of official figures.
${ }^{\text {a }}$ Provisional estimates subject to revision.

## Table 9

## LATIN AMERICA: PURCHASING POWER OF EXPORTS OF GOODS

(Indexes: $1970=100$, and grouth rates)

| Country | Indexes |  |  |  | Growth rates |  |  |  | Cumulative rates |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1975 | 1980 | 1983 | $1984^{\circ}$ | 1981 | 1982 | 1983 | $1984^{\text {a }}$ | $\begin{aligned} & 1979 / \\ & 1980 \end{aligned}$ | $\begin{aligned} & 1981 / \\ & 1984^{a} \end{aligned}$ |
| Latin America | 132 | 208 | 201 | 221 | 1.8 | -6.6 | 1.9 | 9.7 | 28.4 | 6.3 |
| Oil-exporting |  |  |  |  |  |  |  |  |  |  |
| Bolivia | 133 | 165 | 135 | 123 | -6.3 | -7.6 | .5.8 | -8.8 | 12.3 | -25.5 |
| Ecuador | 280 | 466 | 409 | 438 | -6.5 | -7.8 | 2.0 | 7.0 | 29.1 | -6.0 |
| Mexico | 127 | 458 | 586 | 626 | 17.3 | 1.3 | 7.6 | 6.8 | 101.2 | 36.6 |
| Peru | 74 | 140 | 94 | 91 | -22.8 | -2.5 | -10.7 | -3.3 | 61.8 | -35.0 |
| Venezuela | 214 | 301 | 217 | 251 | -6.2 | -13.8 | -10.9 | 8.1 | 68.6 | -16.4 |
| Non-oil-exporting |  |  |  |  |  |  |  |  |  |  |
| - countries | 109 | 152 | 150 | 169 | -3.3 | -7.2 | 10.2 | 13.2 | 1.0 | 11.8 |
| Argencina | 78 | 139 | 142 | 157 | 10.6 | -12.9 | 6.0 | 10.6 | 1.7 | 12.9 |
| Brazil | 135 | 179 | 193 | 240 | 4.0 | -10.2 | 15.3 | 24.7 | 5.4 | 34.3 |
| Colombia | 124 | 194 | 150 | 150 | -25.5 | 4.0 | 0.1 | -0.2 | -1.1 | -22.8 |
| Costa Rica | 107 | 142 | 106 | 113 | -5.3 | -17.3 | -4.6 | 6.1 | -6.7 | -20.5 |
| Chile | 67 | 109 | 95 | 89 | -24.1 | 3.9 | 11.2 | -6.5 | 27.9 | -18.1 |
| El Salvador | 121 | 156 | 94 | 97 | -29.3 | -16.5 | 2.5 | 3.1 | -0.3 | -37.7 |
| Guaternala | 101 | 172 | 106 | 107 | -18.7 | -12.9 | 11.7 | 0.8 | -0.1 | . 37.9 |
| Haiti | 99 | 193 | 150 | 146 | -33.2 | 8.8 | 7.2 | 2.9 | 14.5 | -24.5 |
| Honduras | 94 | 164 | 128 | 133 | -13.2 | -14.6 | 5.1 | 3.8 | 8.1 | -19.0 |
| Nicaragua | 113 | 82 | 66 | 67 | 6.4 | -22.3 | -2.5 | 2.1 | -49.1 | -18.0 |
| Panama | 118 | 77 | 60 | 43 | -11.9 | -3.8 | -9.2 | -28.0 | -14.9 | -44.6 |
| Paraguay | 139 | 203 | 159 | 175 | -4.4 | -4.0 | -10.7 | 10.5 | -19.2 | -13.5 |
| Dominican Republic | 224 | 150 | 116 | 130 | 18.1 | -36.7 | 3.7 | 12.2 | 6.5 | -13.3 |
| Uruguay | 83 | 140 | 156 | 139 | 4.9 | 8.7 | -2.6 | -11.0 | 0.2 | -0.9 |

Source: ECLAC, on the basis of official figures.
${ }^{\text {a }}$ Provisional estimates subject to revision.

## LATIN AMERICA: TRADE BALANCE

(Millions of dollars)

| Country | Exports of goods FOB |  |  | Imports of goods FOB |  |  | Trade balance |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1982 | 1983 | $1984^{\text {a }}$ | 1982 | 1983 | $1984^{\text {a }}$ | 1982 | 1983 | $1984{ }^{\text {a }}$ |
| Latin America | 86389 | 86168 | 94790 | 76726 | 54727 | 57170 | 9663 | 31441 | 37620 |
| Oil-exporting countries | 44877 | 43033 | 45620 | 34349 | 19117 | 21820 | 10528 | 23916 | 23800 |
| Bolivia | 828 | 757 | 730 | 429 | 482 | 460 | 399 | 275 | 270 |
| Ecuador | 2343 | 2365 | 2490 | 2181 | 1408 | 1580 | 162 | 957 | 910 |
| Mexico | 22081 | 22235 | 23500 | 14434 | 7723 | 10000 | 7647 | 14512 | 13500 |
| Peru | 3293 | 3017 | 3010 | 3271 | 2723 | 2430 | -428 | 294 | 580 |
| 'Venezuela | 16332 | 14695 | 15890 | 13584 | 6781 | 7350 | 2748 | 7878 | 8540 |
| Non-oil-exporting countries | 41512 | 43135 | 49170 | 42377 | 35610 | 35350 | -865 | 7525 | 13820 |
| Argentina | 7622 | 7838 | 8700 | 4859 | 4120 | 4270 | 2763 | 3718 | 4430 |
| Brazil | 20172 | 21906 | 26960 | 19395 | 15434 | 14360 | 777 | 6472 | 12600 |
| Colombia | 3215 | 3003 | 3050 | 5404 | 4759 | 4720 | -2 189 | . 1756 | -1670 |
| Costa Rica | 871 | 851 | 960 | 780 | 894 | 1110 | 91 | -43 | -150 |
| Chile | 3706 | 3827 | 3680 | 3642 | 2818 | 3270 | 64 | 1009 | 410 |
| El Salvador | 704 | 732 | 780 | 826 | 803 | 910 | -122 | -71 | -130 |
| Guatemala | 1200 | 1092 | 1150 | 1284 | 1056 | 1140 | -84 | 36 | 10 |
| Haiti | 174 | 179 | 200 | 336 | 352 | 350 | -162 | -173 | -150 |
| Honduras | 677 | 695 | 740 | 681 | 761 | 750 | -4 | -66 | -10 |
| Nicaragua | 406 | 429 | 430 | 723 | 778 | 780 | -317 | -349 | -350 |
| Panama | 345 | 317 | 250 | 1441 | 1246 | 1100 | -1096 | -929 | -850 |
| Paraguay | 396 | 326 | 380 | 711 | 552 | 580 | -315 | -226 | -200 |
| Dominican Republic | 768 | 783 | 890 | 1257 | 1297 | 1220 | -489 | -514 | -330 |
| Uruguay | 1256 | 1157 | 1000 | 1038 | 740 | 790 | 218 | 417 | 210 |

Source: 1982, 1983: Inrernational Monetary Fund; figures for 1983 for Costa Rica, Ecuador, El Salvador and the Dominican Republic are ECLAC estimates. Figures for Chile for 1982, 1983 and 1984: Central Bank of Chile.
${ }^{a}$ ECLAC, provisional estimates subject to revision. Figures rounded to the nearest tench.

Table 11

## LATIN AMERICA: BARANCE OF PAYMENTS

(Millions of dollars)

| Country | Net services payments ${ }^{n}$ |  |  | Net payments of profits and interest |  |  | Balance on current account ${ }^{\text {b }}$ |  |  | Net movement of capital ${ }^{\text {e }}$ |  |  | Total balance ${ }^{\text {e }}$ |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1982 | 1983 | $1984{ }^{\circ}$ | 1982 | 1983 | $1984{ }^{\text {b }}$ | 1982 | 1983 | $1984{ }^{\text {b }}$ | 1982 | 1983 | $1984{ }^{\text {b }}$ | 1982 | 1983 | $1984^{a}$ |
| Latin America | 12745 | 6596 | 4030 | 37641 | 34465 | 37330 | -40613 | -8957 | -3090 | 19200 | 4435 | 10615 | -21413 | -4 522 | 7525 |
| Oil-exporting countries | 8182 | 3062 | 1050 | 15097 | 13609 | 16090 | -13257 | 7185 | 6590 | 533 | -4947 | -2300 | . 12724 | 2238 | 4290 |
| Bolivia | 122 | 141 | 150 | 415 | 424 | 490 | -121 | -271 | -340 | 153 | 252 | 220 | 32 | -19 | -120 |
| Ecuador | 530 | 367 | 260 | 847 | 718 | 950 | -1215 | -128 | -300 | 875 | 274 | 240 | . 340 | 146 | -60 |
| Mexico | 2390 | 549 | $-1000$ | 11271 | 9108 | 10100 | -5 922 | 4968 | 4500 | 1812 | . 2946 | -1000 | -4110 | 2022 | 3500 |
| Peru | 315 | 254 | 200 | 1034 | 1133 | 1320 | -1777 | -1 093 | -940 | 1637 | 1027 | 870 | -140 | -66 | -70 |
| Venezuela | 4825 | 1751 | 1440 | 1530 | 2226 | 3230 | -4 222 | 3709 | 3670 | -3944 | -3554 | -2630 | -8166 | 155 | 1040 |
| Non-oil-exporting countries | 4563 | 3534 | 2980 | 22544 | 20856 | 21240 | -27356 | -16142 | -9680 | 18667 | 9382 | 12915 | -8689 | -6760 | 3235 |
| Argentina | 434 | 761 | 1150 | 4716 | 5409 | 5430 | . 2354 | -2436 | -2 150 | 1686 | . 13 | 2550 | -668 | -2 449 | 400 |
| Brazil | 3589 | 2407 | 1900 | 13495 | 11012 | 11400 | -16314 | . 6842 | -550 | 11120 | 4946 | 5220 | -5 194 | -1896 | 4670 |
| Colombia | 87 | 317 | 40 | 787 | 839 | 650 | -2897 | -2739 | . 2260 | 2021 | 829 | 640 | . 876 | . 1910 | -1620 |
| Costa Rica | -21 | -5 | -70 | 345 | 415 | 370 | -206 | . 383 | . 360 | 331 | 401 | 330 | 125 | 18 | -30 |
| Chile | 555 | 471 | 540 | 1921 | 1703 | 1840 | -2 372 | -1116 | -1930 | 1026 | 587 | 1990 | -1346 | . 529 | 60 |
| El Salvador | 72 | 32 | 50 | 129 | 196 | 220 | -271 | -239 | . 330 | 242 | 418 | 330 | -29 | 179 | 0 |
| Guatemala | 231 | 177 | 260 | 122 | 114 | 40 | -376 | -225 | -240 | 338 | 276 | 240 | -38 | 51 | 0 |
| Haiti | 87 | 83 | 80 | 14 | 12 | 20 | -182 | -208 | -200 | 137 | 175 | 220 | -45 | -33 | 20 |
| Honduras | 52 | 54 | 40 | 202 | 149 | 200 | -249 | -260 | -240 | 204 | 213 | 240 | -45 | -47 | 0 |
| Nicaragua | 65 | 112 | 90 | 140 | 61 | 90 | -514 | -519 | . 530 | 580 | 588 | 420 | 66 | 69 | -110 |
| Panama | -849 | . 886 | -820 | 236 | 306 | 240 | -538 | -409 | -330 | 524 | 440 | 350 | -14 | 31 | 20 |
| Paraguay | 92 | -25 | 10 | -14 | 53 | 70 | -391 | -252 | -270 | 329 | 257 | 135 | . 62 | 5 | -135 |
| Dominican Republic | -97 | -164 | $-230$ | 254 | 299 | 330 | . 457 | -454 | -230 | 311 | 276 | 230 | -146 | -178 | 0 |
| Uruguay | 266 | 200 | -60 | 197 | 288 | 340 | -235 | . 60 | -60 | -182 | -11 | 20 | -417 | -71 | . 40 |

source: 19\%2. 19世3: Internaternal Monetary Fund; the figures for 1983 for Costa Rica, Ecuador, El Salvador and he Dominican Republicare ECLAC estimates subject to revision Figures for Chile, 1982 , 1983 and i984: Central Ewc Bank of Chile

[^2]Table 12

LATIN AMERICA: NET FINANCING DISPOSABLE AFTER PAYMENT OF PROFITS AND INTEREST
(Billions of dollars)

| Year | Net inflow of capital <br> (1) | Net payments of profits and interest (2) | Net disposable financing $(3)=(1)-(2)$ <br> (3) | Real net disposable financing ${ }^{a}$ <br> (4) | Exports of goods and services $(5)$ | Net disposable financing/ exports of goods and services ${ }^{b}$ (6) $=(3) /(5)$ (6) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1973 | 7.8 | 4.2 | 3.6 | 8.3 | 28.9 | 12.5 |
| 1974 | 11.4 | 5.0 | 6.4 | 12.5 | 43.6 | 14.7 |
| 1975 | 14.2 | 5.5 | 8.7 | 15.5 | 41.1 | 21.2 |
| 1976 | 18.2 | 6.8 | 11.4 | 19.4 | 47.3 | 24.1 |
| 1977 | 17.0 | 8.2 | 8.8 | 14.1 | 55.9 | 15.7 |
| 1978 | 26.1 | 10.2 | 15.9 | 23.7 | 61.4 | 25.9 |
| 1979 | 28.6 | 13.6 | 15.0 | 19.8 | 82.0 | 18.3 |
| 1980 | 30.0 | 18.0 | 12.0 | 13.9 | 105.8 | 11.3 |
| 1981 | 37.7 | 27.7 | 10.0 | 10.6 | 114.1 | 8.8 |
| 1982 | 19.2 | 37.6 | -18.4 | -19.1 | 101.9 | -18.1 |
| 1983 | 4.4 | 34.5 | -30.1 | -30.9 | 100.5 | -30.0 |
| $1984{ }^{\text {c }}$ | 10.6 | 37.3 | -26.7 | -26.7 | 113.0 | -23.6 |

Source: International Monetary Fund, Balance of Payments Yearbook (sevetal issues); and ECLAC esrimates, on the basis of official figures.
:Obtained by deflaring column 3 by the United Stares wholesale price index, base $1984=100$.
${ }^{5}$ Percenrage
'Provisional estimates subject to revision.

Table 13
LATIN AMERICA: TOTAL EXTERNAL DEBT DISBURSED
(End-of-year balance in billions of dollars)

| Country | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | $1984{ }^{\text {a }}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Iatin America | 150893 | 181978 | 221059 | 275422 | $315336{ }^{\text {b }}$ | $340937^{\text {b }}$ | $360170^{h}$ |
| Oil-exporting |  |  |  |  |  |  |  |
| countries | 64390 | 77585 | 92324 | 118963 | $135657^{\text {b }}$ | $145672^{\prime \prime}$ | $153460^{6}$ |
| Bolivia ${ }^{\text {a }}$ | 1762 | 1941 | 2220 | 2450 | 2373 | 3065 | 3200 |
| Ecuador | 2975 | 3554 | 4652 | 5868 | 6187 | 6689 | 6860 |
| Mexico | 33946 | 39685 | 49349 | 72007 | $85000{ }^{\text {bd }}$ | $90000^{\text {bd }}$ | $95900{ }^{\text {kd }}$ |
| Peru | 9324 | 9334 | 9594 | 9638 | 11097 | 12418 | 13500 |
| Venezuela ${ }^{\text {e }}$ | 16383 | 23071 | 26509 | 29000 | 31000 | 33500 | 34000 |
| Non-oil-exporting |  |  |  |  |  |  |  |
| countries | 86503 | 104393 | 128735 | 156459 | 179679 | 195265 | 206710 |
| Argentina | 12496 | 19034 | 27162 | 35671 | 43634 | 45500 | 48000 |
| Brazil ${ }^{\text {f }}$ | 52285 | 58907 | 68354 | 78580 | 87580 | 96500 | 101800 |
| Colombia | 4247 | 5117 | 6277 | 7930 | 9421 | 10405 | 10800 |
| Costa Rica | 1870 | 2333 | 3183 | 3360 | 3497 | 3848 | 4050 |
| Chile ${ }^{\text {g }}$ | 6664 | 8484 | 11084 | 15542 | 17153 | 17431 | $18440^{h}$ |
| El Salvador | 986 | 939 | 1176 | 1471 | 1683 | 2000 | 2300 |
| Guatemala | 821 | 934 | 1053 | 1409 | 1504 | 1766 | 1910 |
| Haiti ${ }^{\text {c }}$ | 210 | 248 | 290 | 372 | 410 | 446 | 600 |
| Honduras | 971 | 1280 | 1510 | 1708 | 1800 | 2079 | 2250 |
| Nicaragua ${ }^{\text {a }}$ | 961 | 1131 | 1579 | 2163 | 2797 | 3385 | 3900 |
| Panama ${ }^{\text {c }}$ | 1774 | 2009 | 2211 | 2338 | 2820 | 3275 | 3550 |
| Paraguay | 669 | 733 | 861 | 949 | 1204 | 1469 | 1560 |
| Dominican Republic | 1309 | 1565 | 1839 | 1837 | 1921 | 2572 | 2850 |
| Uruguay | 1240 | 1679 | 2156 | 3129 | 4255 | 4589 | 4700 |

Source: ECLAC, on the basis of official information; Brazil and Venezuela: ECLAC, on the basis of data from the Bank for international Settlements.
${ }^{a}$ Provisional figures $\quad$ 'Figures not comparabie with those previous to 1982 , owing to the inclusion of the Mexican cummercial banks' debr. ${ }^{\text {d }}$ Inctuding the ${ }^{\text {Public }}$ debt plus the non-guaranteed long and seb. Estates on fin medium- and long-term debt plus the short-term debt with financial institutions reporting ro the Bank for International Settiements. long-term debt, excluding the debt with IMF and shorr-term credirs for foreign rrade operations. ${ }^{n}$ In the rnonth of Septeriber.

Table 14

## LATIN AMERICA: RATIO OF TOTAL INTEREST PAYMENTS TO EXPORTS <br> OF GOODS AND SERVICES ${ }^{a}$

(Percentages)

| Country | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | $1984^{b}$ |
| :--- | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
| Latin America | 12.4 | 15.5 | 17.4 | 19.9 | 26.4 | 39.0 | 35.9 | 35.0 |
| Oil-exporting |  |  |  |  |  |  |  |  |
| conntries | 13.0 | 16.0 | 15.7 | 16.5 | 22.3 | 32.0 | 31.0 | 33.0 |
| Bolivia | 9.9 | 13.7 | 18.1 | 24.5 | 35.5 | 43.6 | 49.3 | 57.0 |
| Ecuador | 4.8 | 10.3 | 13.6 | 18.2 | 24.3 | 30.1 | 26.0 | 31.5 |
| Mexico | 25.4 | 24.0 | 24.8 | 23.1 | 28.7 | 39.9 | 36.7 | 36.5 |
| Peru | 17.9 | 21.2 | 14.7 | 16.0 | 21.8 | 24.7 | 31.2 | 35.5 |
| Venezuela | 4.0 | 7.2 | 6.9 | 8.1 | 12.7 | 21.0 | 20.3 | 25.0 |
| Non-oil-exporting |  |  |  |  |  |  |  |  |
| countries | 11.9 | 15.1 | 18.8 | 23.3 | 31.3 | 46.6 | 40.7 | 36.5 |
| Argentina | 7.6 | 9.6 | 12.8 | 22.0 | 31.7 | 54.6 | 58.4 | 52.0 |
| Brazil | 18.9 | 24.5 | 31.5 | 34.1 | 40.4 | 57.1 | 43.4 | 36.5 |
| Colombia | 7.4 | 7.7 | 10.1 | 13.3 | 21.6 | 25.0 | 21.7 | 21.5 |
| Costa Rica | 7.1 | 9.9 | 12.8 | 18.0 | 25.5 | 33.4 | 41.8 | 32.0 |
| Chile | 13.7. | 17.0 | 16.5 | 19.3 | 34.6 | 49.5 | 39.4 | 45.5 |
| El Salvador | 2.9 | 5.1 | 5.3 | 6.5 | 7.5 | 11.9 | 14.2 | 15.0 |
| Guatemala | 2.4 | 3.6 | 3.1 | 5.3 | 7.5 | 7.8 | 7.6 | 4.0 |
| Haiti | 2.3 | 2.8 | 3.3 | 2.0 | 3.2 | 2.4 | 4.9 | 5.0 |
| Honduras | 7.2 | 8.2 | 8.6 | 10.6 | 14.5 | 22.4 | 17.7 | 19.0 |
| Nicaragua | 7.0 | 9.3 | 9.7 | 15.7 | 15.5 | 33.2 | 19.3 | 18.5 |
| Paraguay | 6.7 | 8.5 | 10.7 | 14.3 | 15.9 | 14.9 | 24.3 | 19.0 |
| Dominican Republic | 8.8 | 14.0 | 14.4 | 14.7 | 10.5 | 22.6 | 24.9 | 23.5 |
| Uruguay | 9.8 | 10.4 | 9.0 | 11.0 | 13.1 | 22.4 | 27.6 | 31.5 |

Source: 1977-1983: International Monetary Fund, Balance of Payments. Yearbook; 1984: ECLAC, on the basis of official data.
${ }^{\circ}$ Interest payments include those on the short-term debt. ${ }^{\text {s }}$ Provisional estimates subject to revision.

Table 15

## LATIN AMERICA: TERMS OF RESCHEDULING OF THE EXTERNAL DEBT TO PRIVATE BANKS IN THE FIRST ROUND OF RESCHEDULINGS: 1982/1983 ${ }^{\text {a }}$

| Country | Amounts involved (millions of dollars) | Maturities rescheduled or year of drawing new credit | Terms |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Spread | Period (years) |  | Commissions ${ }^{\text {b }}$ |
|  |  |  | LIBOR | Total | Grace period |  |
| Brazil |  |  |  |  |  |  |
| Amortization rescheduled | 4800 | 1983 | 2.50 | 8.0 | 2.5 | 1.50 |
| New credits | 4400 | 1983 | 2.13 | 8.0 | 2.5 | 1.50 |
| Costa Rica |  |  |  |  |  |  |
| Amortization rescheduled | 620 | 1982-1984 | 2.25 | 8.5 | 4.0 | 1.38 |
| New credits | - | - | - | - | - | - |
| Cuba |  |  |  |  |  |  |
| Amortization rescheduled | 140 | Sep. 1982-1983 | 2.25 | 8.0 | 3.0 | 1.25 |
| New credits | - | - | . | . | - | - |
| Chile |  |  |  |  |  |  |
| Amortization rescheduled | 3460 | 1983-1984 | 2.13 | 8.0 | 4.0 | 1.25 |
| New credits | 1300 | 1983 | 2.25 | 7.0 | 4.0 | 1.25 |
| Ecuador |  |  |  |  |  |  |
| Amortization rescheduled | 2200 | Nov. 1982-1983 | 2.25 | 7.0 | 1.0 | 1.25 |
| New credits | 430 | 1983 | 2.38 | 6.0 | 1.5 | 1.25 |
| Honduras |  |  |  |  |  |  |
| Amortization rescheduled | 120 | 1982-1984 | 2.38 | 7.0 | 3.0 | 1.38 |
| New credits | - | - | . | - | - | . |
| Mexico |  |  |  |  |  |  |
| Amortization rescheduled | 23000 | Aug. 1982-1984 | 1.88 | 8.0 | 4.0 | 1.00 |
| New credirs | 5000 | 1983 | 2.25 | 6.0 | 3.0 | 1.25 |
| Nicaragua |  |  |  |  |  |  |
| Amortization rescheduled | 550 | ... | c | 12.0 | 5.0 | - |
| New credics | - | - | - | - | - | - |
| Panama |  |  |  |  |  |  |
| Amortization rescheduled | 180 | 1983 | 2.25 | 6.0 | 2.0 | 1.50 |
| New credits | 100 | 1983 | 2.25 | 6.0 | 2.0 | 1.50 |
| Peru |  |  |  |  |  |  |
| Amortization rescheduled | 380 | 1983 | 2.25 | 8.0 | 3.0 | 1.25 |
| New credits | 450 | 1983 | 2.25 | 8.0 | 3.0 | 1.25 |
| Dominican Republic |  |  |  |  |  |  |
| Amortization rescheduled | 570 | 1982-1983 | 2.25 | 6.0 | 2.0 | I. 25 |
| New credits | - | - | - | - | - | . |
| Uruguay |  |  |  |  |  |  |
| Amortization rescheduled | 630 | 1983-1984 | 2.25 | 6.0 | 2.0 | 1.38 |
| New credits | 240 | 1983 | 2.25 | 6.0 | 2.0 | 1.38 |

[^3]LATIN AMERICA: TERMS OF RESCHEDULING OF THE EXTERNAL DEBT TO PRIVATE BANKS IN THE SECOND AND THIRD ROUNDS OF RESCHEDULINGS ${ }^{*}$

| Country | Amounts involved (millions of dollars) | Maturities rescheduled or year of drawing new credit | Terms |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Spread | Period (years) |  | Commissions ${ }^{\text {b }}$ |
|  |  |  | LIBOR | Total | Grace period |  |
| Second round of reschedulings: 1983/1984 |  |  |  |  |  |  |
| Brazil |  |  |  |  |  |  |
| Amortization rescheduled | 5400 | 1984 | 2.00 | 9.0 | 5.0 | 1.00 |
| New credits | 6500 | 1984 | 2.00 | 9.0 | 5.0 | 1.00 |
| Cuba |  |  |  |  |  |  |
| Amortization rescheduled | 103 | 1984 | 1.88 | 9.0 | 5.0 | ... |
| New credits | - | - | - | - | - | - |
| Chile |  |  |  |  |  |  |
| Amortization rescheduled | - | - | - | - | - | - |
| New credits | 780 | 1984 | 1.75 | 9.0 | 5.5 | 0.63 |
| Ecuador |  |  |  |  |  |  |
| Amortization rescheduled | 600 | 1984 | 1.75 | 9.0 | 4.0 | 0.88 |
| New credits | 400 | 1984 | ... | ... | $\ldots$ | ... |
| Mexico |  |  |  |  |  |  |
| Amortization rescheduled | - | - | - | - | - | - |
| New credits | 3800 | 1984 | 1.50 | 10.0 | 5.0 | 0.63 |
| Peru |  |  |  |  |  |  |
| Amortization rescheduled | 1560 | 1984-JuL 1985 | 1.75 | 9.0 | 5.0 | 0.75 |
| New credits | - | - | . | - | - | - |
| Third round of reschedulings: 1984/1985 |  |  |  |  |  |  |
| Argentina |  |  |  |  |  |  |
| Amortization rescheduled | 13900 | 1982-1985 | 1.38 | 12.0 | 3.0 | - |
| New credits | 4200 | 1985 | 1.63 | 10.0 | 3.0 | 0.63 |
| Mexico |  |  |  |  |  |  |
| Amortization rescheduled | 43000 | 1985-1990 | 1.13 | 14.0 | - | - |
| New credits | - | - | - | - | - | - |
| Venezuela |  |  |  |  |  |  |
| Amortization rescheduled | 28500 | 1983-1988 | 1.13 | 12.5 | - | - |
| New credits | - | - | - | - | - | . |

Sonsce: ECLAC, on the basis of official data and information from various national and international sources.
Note: Three dots (...) indicate lack of data.
A line ( - ) indicates thar the amount is zero.
${ }^{\text {a }}$ For fursher infor marion onche first round of rescheduling see Part Two of the Economic Swrvey of Lat in America and the Caribbean I983 ECLAC publication, LC/L. 302 , November 1984, and Economic Surtey of Lerin Americal $1982 . \quad{ }^{\text {b }}$ Calculated as a percenrage of the roral amount of rhe transact ion and paid unce only at the time of signing the loan contract It should be noted that evidence has been found char some commissions were not declared, and consequently the figures could underestimate payments under this head.

Figure 1

## LATIN AMERICA: MAIN ECONOMIC INDICATORS



Source: ECLAC, on the basis of official data.
$a_{\text {Annual growth rate. bweighted average annual rate for the cities mentioned in figure } 4 .}$
cWeighted average annual rate for the cities mentioned in footnote b, except cities in Brazil.
dweighted percentage variation from December to December.

Figure 1 (Concludea)


Figure 2
LATIN AMERICA: ANNUAL GROWTMI RATES OF GROSS DONESTYC PRODUCT


Source: ECLAC, on the basis of official information.

Figure 3
LATIN AMERICA: EVOLUTION OF URBAN UNEMPLOYMENT


Source: ECLAC, on the basis of official information.

Figure 4
LATIN AMERICA: EVOLUTION OF UNEMPLOYMENT IN SOME PRINCIPAL CITIES


Source: ECLAC, on the basis of official information.

Figure 5

## LATIN AMERICA (SELECTED COUNTRIES): TWELVE-MONTHLY

 VARIATION IN THE CONSUMER PRICE INDEX

Source: ECLAC, on the basis of official information.

Figure 6
LATIN AMERICA:(SELECTED COUNTRIES): TWELVE-MONTHLY VARIATIONS IN THE CONSUMER PRICE INDEX


Source: ECLAC, on the basis of official information.

Figure 7

## LATIN AMERICA: EVOLUTION OF SOME FOREIGN TRADE INDICATORS

(Indexes $1970=100$ )


Source: ECLAC, on the basis of official information.
aNineteen countries bFrom 1970 to 1975 includes 16 countries, As from 1976 Mexico and Peru are excluded. cFrom 1970 to 1975, includes Bolivia, Ecuador and Venezuela; as from 1976 Mexico and Peru are added.

Figure 8
NOMINAL AND REAL INTERNATIONAL INTEREST RATES
(Percentages)


Source: ECLAC, on the basis of data from Morgan Guaranty Trust, World Financial Markets, and from
Economic Report of the President, Washington, February 1984.
anominal rate deflated by the consumer price index of the industrialized countries bpreferential rate granted by United States banks to their best clients. cAverage January to November.

Figure 9

## NOMINAL INTERNATIONAL INTEREST RATES

(Percentages)


Source: ECLAC, on the basis of data supplied by the International Monetary Fund. aPreferential rate granted by United States banks to their best clients.


[^0]:    *Information furnished by the Executive Secretary of ECLAC, Mr. Enrique V. Iglesias, at the end-of-year press conference held at the headquarters of the Commission on 20 December 1984.

[^1]:    Source: ECLAC, on the basis of official figures.

[^2]:    
    thating net private unrequited trans

[^3]:    Source: ECLAC, on the basis of official data and information from various national and international sources.
    Note: Three dots (...) indicare lack of data
    A line $\{-$ ) indicares that the amount is zero.
    ${ }^{4}$ For further information on the firss round of rescheduling see Part Two of rhe Economic Suri ey of Latin America and ibe Curibbean I983, ECl, AC publication LC/L 302, November 1984. and Economic Swriey of Latin America 1982. Calculated as a percentage of the tutat amount of the transaction and paid once only at the rime of signing the loan conract. It should be noted that evidence has been found that some commissiuns were not deciared, and consequently the figures could underestimate paymenrs under this head. $\quad$ Nicaragua pays a maximum rate of $7 \mathscr{F}$; the difference between the interest rate in force and the $7 \mathscr{k}$ ceiling widt be copitalized.

